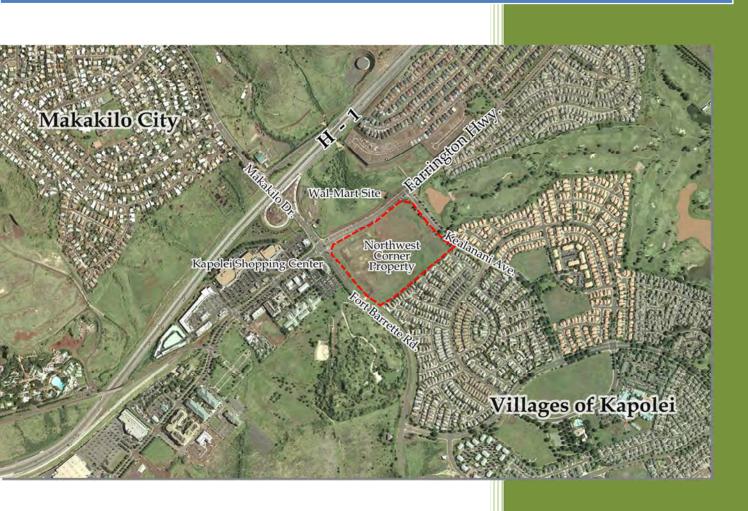
Appendices to Request for Qualifications No. DEV-RFQ-13-001

Mixed-Use, 26-Acre Site at the Villages of Kapolei



Issued: 8/7/2013

Responses Due: 10/11/2013, 2pm

APPENDICES

The following documents can be downloaded for reference from HHFDC's website http://dbedt.hawaii.gov/hhfdc/.

This Acrobat pdf document includes bookmarks indicating the start of each of the five appendices. Readers should view "bookmarks" in the document to use this navigation tool.

Appendix 1: 2007 Planning Concepts

Appendix 2: Market Value Appraisal of the Unencumbered Fee Simple Interest of Various

Parcels, including the Northwest Corner, February 2007

Appendix 3: 2001 Unilateral Agreement and Declaration for Conditional Zoning

Appendix 4: Kapolei Village Condemnation Agreement, dated 4/11/89

Appendix 5: Land Use Commission Decision and Order in Doc. No. A88-622

1. 2007 PLANNING CONCEPTS	



Kapolei Northwest Corner

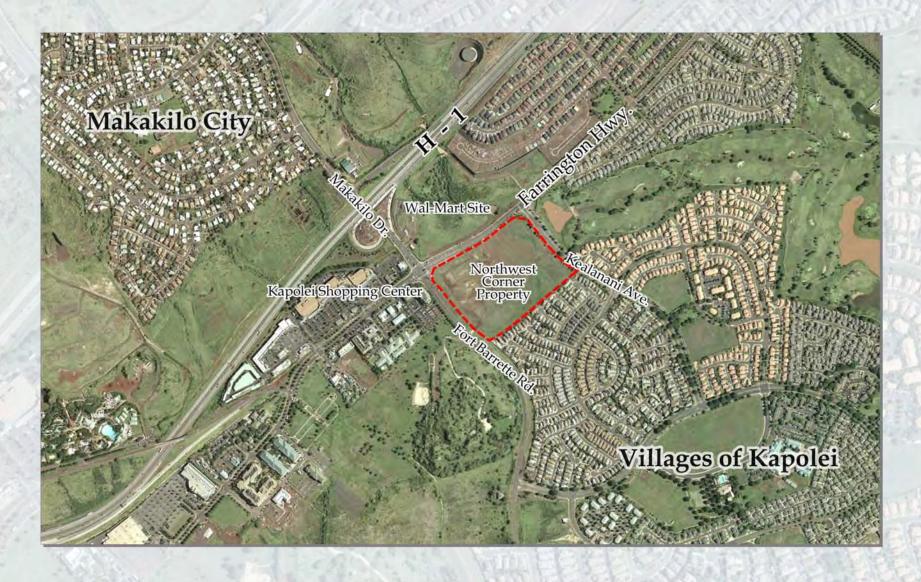




HHFDC Mission

To Increase the supply for workforce and affordable housing by providing tools and resources to facilitate housing development.



















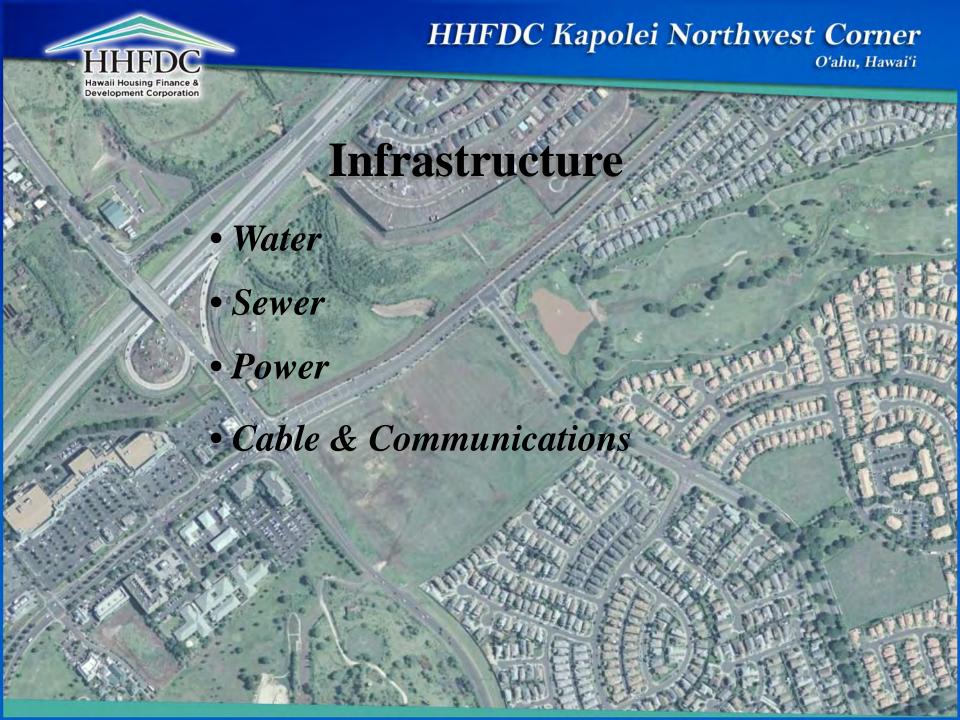


Purpose & Goals

- Examine a range of potential uses
- Obtain input on alternatives
- Obtain input from the business community
- Gather info to determine the scope of an RFP









Oʻahu, Hawaiʻi

Residential Concept









Oʻahu, Hawaiʻi

Commercial Center Concept









Oʻahu, Hawaiʻi

Large Commercial Concept







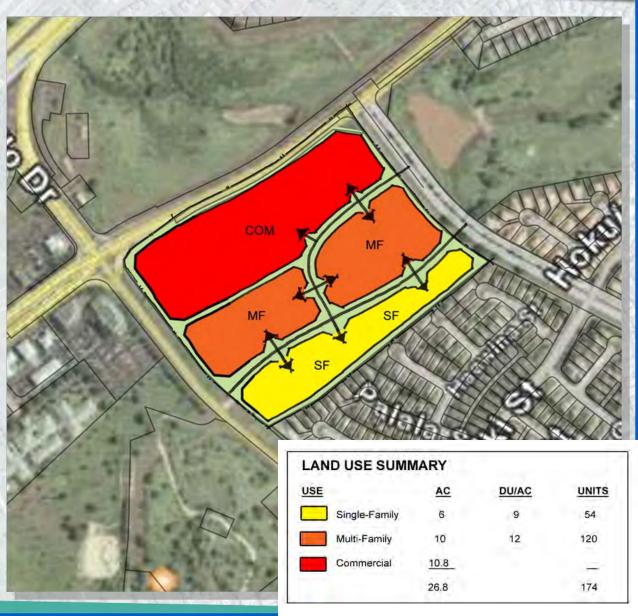


Oʻahu, Hawaiʻi

Residential / Commercial Concept









Oʻahu, Hawaiʻi

DU

+/- 160

+/- 178

+/-77

+/- 225

+/- 240

750-800

Mixed Use Concept





TOTAL

386,900

565,100

753,800

2. 2007 APPRAISAL		

Market Value Appraisal of

The Unencumbered Fee Simple Interest

Of Various Vacant Parcels Within

The Villages of Kapolei

Ewa, Oahu, Hawaii

As of February 2007

Prepared by

HASTINGS, CONBOY, BRAIG & ASSOCIATES, LTD.

Robert C. Hastings, Jr., MAI, CRE Alan J. Conboy, MAI, SRA Robert R. Braig, MAI, SRA Ricky P. Minn Don H. Konno, MAI Liza F. Hamada Andrew B. Conboy

HASTINGS, CONBOY, BRAIG &ASSOCIATES. LTD.

Real Estate Appraisers, Counselors and Economists

February 28, 2007

Mr. Chris Sadayasu Project Coordinator Hawaii Housing Finance and Development Corporation 677 Queen Street, Suite 300 Honolulu, Hawaii 96813

Dear Mr. Sadayasu:

We have completed an appraisal of the market value of the unencumbered fee simple interest of various vacant parcels situated within the Villages of Kapolei at Honouliuli, Ewa, Oahu, Hawaii. The subject properties are identified by the Hawaii Housing Finance and Development Corporation as follows:

 Northwest Corner Parcel
 9-1-16-35

 Village Center Parcel
 9-1-16-37 to 39

 Day Care Parcel
 9-1-16-58

 Village 4 Parcels
 9-1-79-01 to 35, 54

 Village 5 Parcels
 9-1-92-37 to 66, 104

As requested by the client, the report provides a value based on parcel's current zoning and the value based on the parcel's highest and best use. We have determined that each parcel's highest and best use is consistent with the underlying zoning of the parcel and as a result, no differential in value exists. In addition, we have been requested to include the fair market lease rent which the Hawaii Housing Finance and Development Corporation could expect a lessee to pay to lease the Northwest Corner Parcel and the Village Center Parcels.

The function of the attached summary report is to communicate the results of our complete appraisal process in a clear and comprehensive manner. The intended use of this report is to assist the client, Hawaii Housing Finance and Development Corporation, in decision making purposes. The date of property inspection was February 26, 2007. The effective date of appraisal is February 26, 2007. The date of the report is February 28, 2007.

Our analysis, limiting conditions and assumptions and the data disclosed by our research and investigation are set forth in the attached summary report.

Mr. Chris Sadayasu February 28, 2007 Page 2

It is our opinion that the estimated rounded market value of the unencumbered fee simple interest in the Northwest Corner Parcel appraised as of February 26, 2007, was:

THIRTY-FOUR MILLION THREE HUNDRED TWENTY THOUSAND DOLLARS (\$34,320,000)

It is our opinion that the estimated annual ground rent for the Northwest Corner Parcel, as of February 26, 2007, was \$2,745,600 which equates to \$228,800 per month.

It is our opinion that the estimated rounded market value of the unencumbered fee simple interest in the Village Center Parcels appraised as of February 26, 2007, was:

FIFTEEN MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$15,470,000)

It is our opinion that the estimated annual ground rent for the Village Center Parcels, as of February 26, 2007, was \$1,237,600 which equates to \$103,133 per month.

It is our opinion that the estimated rounded market value of the unencumbered fee simple interest in the Day Care Center Parcel appraised as of February 26, 2007, was:

FIVE HUNDRED FORTY THOUSAND DOLLARS (\$540,000)

It is our opinion that the estimated rounded gross retail market value of the unencumbered fee simple interest of the 36 Village 4 Parcels, analyzed as if purchased on an individual basis by multiple buyers, appraised as of February 26, 2007, was:

SIX MILLION NINE HUNDRED SIXTY THOUSAND DOLLARS (\$6,960,000)

It is our opinion that the estimated rounded net present value of the 36 Village 4 parcels, analyzed as if purchased by a single buyer, appraised as of February 26, 2007, was:

FIVE MILLION NINE HUNDRED NINETY THOUSAND DOLLARS (\$5,990,000)

Mr. Chris Sadayasu February 28, 2007 Page 3

It is our opinion that the estimated rounded gross retail market value of the unencumbered fee simple interest of the 31 Village 5 Parcels, analyzed as if purchased on an individual basis by multiple buyers, appraised as of February 26, 2007, was:

<u>SIX MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS</u> (\$6,820,000)

It is our opinion that the estimated rounded net present value of the 31 Village 5 Parcels, analyzed as if purchased by a single buyer, appraised as of February 26, 2007, was:

FIVE MILLION NINE HUNDRED TEN THOUSAND DOLLARS (\$5,910,000)

We appreciate the opportunity to have undertaken this appraisal assignment.

Sincerely,

HASTINGS, CONBOY, BRAIG & ASSOCIATES, LTD.

/7214

Alan J. Conboy, MAI, SRA Executive Vice President

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EXHIBIT I - Market Data Commercial Land Transactions
EXHIBIT II - Market Data Apartment Land Transactions
EXHIBIT III - Market Data Residential Site Transactions
EXHIBIT IV - Market Data Residential Lot Transactions

Professional Qualifications

I. ASSIGNMENT AND SUMMARY

A. Assignment

Our assignment has been to conduct an appraisal of the market value of the unencumbered fee simple interest of various vacant parcels situated within the Villages of Kapolei at Honouliuli, Ewa, Oahu, Hawaii. A property data summary of the subject properties has been included in Table 1 following.

As requested by the client, the report provides a value based on the parcel's current zoning and the value based on the parcel's highest and best use. We have determined that each parcel's highest and best use is consistent with the underlying zoning of the parcel and as a result, no differential in value exists. In addition, we have been requested to include the fair market lease rent which the Hawaii Housing Finance and Development Corporation could expect a lessee to pay to lease the Northwest Corner Parcel and the Village Center Parcels.

B. Function and Intended Use and User of the Appraisal Report

The function of this appraisal report is to provide a summary presentation of the results of our market value appraisal. The intended use of the report is to assist the client, Hawaii Housing Finance and Development Corporation, in decision making purposes.

C. Scope of Work

The scope of this assignment involves the determination of the market value of the unencumbered fee simple interest in the various subject properties. With respect to the appraisal development process, in determining the highest and best use of the subject properties, we analyzed each property with respect to the four criteria of legal permissibility, physical possibility, financial feasibility, and maximum profitability. We analyzed all of the background information on each property and its environs as revealed by our research and investigation. We also conducted an analysis of the Island of Oahu real estate market conditions affecting the subject properties based upon interviews with local real estate professionals and information contained within sales journals published by the local board of realtors. Market-derived rates of return were analyzed. A current opinion of the annual market ground rent applicable to the land underlying the Northwest Corner Parcel and Village Center Parcels was determined based upon the concluded market rates of return and corresponding concluded land values.

For purposes of this report, we have utilized a sales comparison approach of recent transactions of comparable parcels within the subject's immediate and neighboring areas in determining the underlying unencumbered fee simple market land values for the various subject properties. Our research and analysis of market data pertinent to our determination of fee simple land value included the following

Table 1 (Page 1)

PROPERTY DATA Villages of Kapolei - Vacant Parcels <u>Ewa, Oahu, Hawaii</u>

	Tax Map Key	Address	Land Area Acres/ Sq.Ft.	State Land Use	Zoning	Flood Zone	Special District/ SMA	Planned Use
	Northwest Corner	n Downel						
1	9-1-16-35	Farrington Highway	26.617 1,159,437	Urban	BMX-3	D	No	Commercial
	Village Center Pa	<u>rcels</u>						
2	9-1-16-37 to 39	Kama'aha Avenue	15.376 669,779	Urban	AMX-1	D	No	Commercial, Multi-Family, Church
	Day Care Parcel							
3	9-1-16-58	Kama'aha Avenue	0.673 29,315	Urban	R-5	D	No	Day Care
	Village 4 Parcels							
4	9-1-79-01	91-201 Wa'akea Place	2,768	Urban	R-3.5	D	No	Single-Family
5	9-1-79-02	91-201-A Wa'akea Place	3,221	Urban	R-3.5	D	No	Single-Family
6	9-1-79-03	91-201-B Wa'akea Place	2,331	Urban	R-3.5	D	No	Single-Family
7	9-1-79-04	91-201-C Wa'akea Place	2,955	Urban	R-3.5	D	No	Single-Family
8	9-1-79-05	91-201-D Wa'akea Place	3,554	Urban	R-3.5	D	No	Single-Family
9	9-1-79-06	91-211 Wa'akea Place	2,823	Urban	R-3.5	D	No	Single-Family
10	9-1-79-07	91-211-A Wa'akea Place	3,561	Urban	R-3.5	D	No	Single-Family
11	9-1-79-08	91-211-B Wa'akea Place	2,645	Urban	R-3.5	D	No	Single-Family
12	9-1-79-09	91-211-C Wa'akea Place	3,219	Urban	R-3.5	D	No	Single-Family
13	9-1-79-10	91-211-D Wa'akea Place	3,209	Urban	R-3.5	D	No	Single-Family
14	9-1-79-11	91-223 Wa'akea Place	2,748	Urban	R-3.5	D	No	Single-Family
15	9-1-79-12	91-223-A Wa'akea Place	3,561	Urban	R-3.5	D	No	Single-Family
16	9-1-79-13	91-223-B Wa'akea Place	2,645	Urban	R-3.5	D	No	Single-Family
17	9-1-79-14	91-223-C Wa'akea Place	4,080	Urban	R-3.5	D	No	Single-Family
18	9-1-79-15	91-223-D Wa'akea Place	4,532	Urban	R-3.5	D	No	Single-Family
19	9-1-79-16	91-224 Wa'akea Place	3,306	Urban	R-3.5	D	No	Single-Family
20	9-1-79-17	91-224-A Wa'akea Place	3,306	Urban	R-3.5	D	No	Single-Family
21	9-1-79-18	91-224-B Wa'akea Place	3,072	Urban	R-3.5	D	No	Single-Family
22	9-1-79-19	91-224-C Wa'akea Place	2,331	Urban	R-3.5	D	No	Single-Family
23	9-1-79-20	91-224-D Wa'akea Place	3,242	Urban	R-3.5	D	No	Single-Family
4	9-1-79-21	91-224-E Wa'akea Place	2,840	Urban	R-3.5	D	No	Single-Family
25	9-1-79-22	91-216 Wa'akea Place	3,209	Urban	R-3.5	D	No	Single-Family
6	9-1-79-23	91-216-A Wa'akea Place	2,955	Urban	R-3.5	D	No	Single-Family
7	9-1-79-24	91-216-B Wa'akea Place	2,331	Urban	R-3.5	D	No	Single-Family
8	9-1-79-25	91-216-C Wa'akea Place	3,242	Urban	R-3.5	D	No	Single-Family
9	9-1-79-26	91-216-D Wa'akea Place	2,823	Urban	R-3.5	D	No	Single-Family
0	9-1-79-27	91-202 Wa'akea Place	3,213	Urban	R-3.5	D	No	Single-Family
1	9-1-79-28	91-202-A Wa'akea Place	3,931	Urban	R-3.5	D	No	Single-Family
2	9-1-79-29	91-202-B Wa'akea Place	2,637	Urban	R-3.5	D	No	Single-Family
3	9-1-79-30	91-202-C Wa'akea Place	2,331	Urban	R-3.5	D	No	Single-Family
34	9-1-79-31	91-202-D Wa'akea Place	2,331	Urban	R-3.5	D	No	Single-Family
35	9-1-79-32	91-202-E Wa'akea Place	2,331	Urban	R-3.5	D	No	Single-Family
36	9-1-79-33	91-202-F Wa'akea Place	2,537	Urban	R-3.5	D	No	Single-Family
7	9-1-79-34	91-202-G Wa'akea Place	3,752	Urban	R-3.5	D	No	Single-Family
38	9-1-79-35	91-202-H Wa'akea Place	4,851	Urban	R-3.5	D	No	Single-Family
39	9-1-79-54	91-1027-D Wa'a'ula Street	2,939	Urban	R-3.5	D	No	Single-Family
Sourc	e: HHFDC and Hav	waii Information Service, Feb	mary 2007.					7214DATA

Table 1 (Page 2)

PROPERTY DATA Villages of Kapolei - Vacant Parcels Ewa, Oahu, Hawaii

	Tax Map Key	Address	Land Area Sq.Ft.	State Land Use	Zoning	Flood Zone	Special District/ SMA	Planned Use
	Village 5 Parcels							
40	9-1-92-37	91-1075 Aukahi Street	3,438	Urban	R-5	D	No	Single-Family
41	9-1-92-38	91-1073 Aukahi Street	3,745	Urban	R-5	D	No	Single-Family
42	9-1-92-39	91-1071 Aukahi Street	3,138	Urban	R-5	D	No	Single-Family
43	9-1-92-40	91-1069 Aukahi Street	3,728	Urban	R-5	D	No	Single-Family
44	9-1-92-41	91-1067 Aukahi Street	3,375	Urban	R-5	D	No	Single-Family
45	9-1-92-42	91-1063 Aukahi Street	3,812	Urban	R-5	D	No	Single-Family
46	9-1-92-43	91-1059 Aukahi Street	3,822	Urban	R-5	D	No	Single-Family
47	9-1-92-44	91-1057 Aukahi Street	3,121	Urban	R-5	D	No	Single-Family
48	9-1-92-45	91-1055 Aukahi Street	3,614	Urban	R-5	D	No	Single-Family
49	9-1-92-46	91-1053 Aukahi Street	3,056	Urban	R-5	D	No	Single-Family
50	9-1-92-47	91-1049 Aukahi Street	3,055	Urban	R-5	D	No	Single-Family
51	9-1-92-48	91-1047 Aukahi Street	3,606	Urban	R-5	D	No	Single-Family
52	9-1-92-49	91-1045 Aukahi Street	3,141	Urban	R-5	D	No	Single-Family
53	9-1-92-50	91-1043 Aukahi Street	3,978	Urban	R-5	D	No	Single-Family
54	9-1-92-51	91-1041 Aukahi Street	3,906	Urban	R-5	D	No	Single-Family
55	9-1-92-52	91-1035 Aukahi Street	3,499	Urban	R-5	D	No	Single-Family
56	9-1-92-53	91-1033 Aukahi Street	3,890	Urban	R-5	D	No	Single-Family
57	9-1-92-54	91-1031 Aukahi Street	3,139	Urban	R-5	D	No	Single-Family
58	9-1-92-55	91-1029 Aukahi Street	3,873	Urban	R-5	D	No	Single-Family
59	9-1-92-56	91-1027 Aukahi Street	3,436	Urban	R-5	D	No	Single-Family
60	9-1-92-57	91-1023 Aukahi Street	3,499	Urban	R-5	D	No	Single-Family
61	9-1-92-58	91-1021 Aukahi Street	3,890	Urban	R-5	D	No	Single-Family
62	9-1-92-59	91-1019 Aukahi Street	3,139	Urban	R-5	D	No	Single-Family
63	9-1-92-60	91-1017 Aukahi Street	3,873	Urban	R-5	D	No	Single-Family
64	9-1-92-61	91-1015 Aukahi Street	3,436	Urban	R-5	D	No	Single-Family
65	9-1-92-62	91-1011 Aukahi Street	3,094	Urban	R-5	D	No	Single-Family
66	9-1-92-63	91-1009 Aukahi Street	3,765	Urban	R-5	D	No	Single-Family
67	9-1-92-64	91-1007 Aukahi Street	3,123	Urban	R-5	D	No	Single-Family
68	9-1-92-65	91-1005 Aukahi Street	4,585	Urban	R-5	D	No	Single-Family
69	9-1-92-66	91-1001 Aukahi Street	4,419	Urban	R-5	D	No	Single-Family
70	9-1-92-104	91-1056 Aukahi Street	2,843	Urban	R-5	D	No	Single-Family

Source: HHFDC and Hawaii Information Service, February 2007.

7214DATA

sources of information: (1) public records and documents on file at the City and County of Honolulu Real Property Tax Office and the State of Hawaii Bureau of Conveyances; (2) the Multiple Listing Service journals published by the Honolulu Board of Realtors; (3) the Hawaii Information Service; (3) information provided by a number of local real estate professionals familiar with real estate market conditions on the Island of Oahu; (4) additional market data from our internal office files.

The income approach was utilized to estimate the net present value of the 36 Village 4 Parcels and the 31 Village 5 Parcels, analyzed as if purchased to a single buyer. Market expense data insight as provided through field interviews with local real estate professionals and additional data from our internal office files was utilized. National rates of return for the development land market as provided by Korpacz Real Estate Investor Survey was researched. After analyzing the available market data, final value conclusions for the various subject properties were determined based on a consideration of the comparative merits of the value estimates indicated by the sales comparison and income approaches to value.

The cost approach to value is considered inappropriate due to the real property interests appraised and the unimproved nature of the subject properties. Therefore the cost approach to value was omitted from this appraisal.

With respect to the appraisal reporting process, this document represents a Summary Appraisal Report which is intended to provide only summary discussions of the data, reasoning and analyses utilized to develop our opinion of estimated value. Some supporting documentation has been retained in our files.

D. Property Value Conclusions

Effective Date of Appraisal: February 26, 2007

Date of the Appraisal Report: February 28, 2007

Market Value Conclusions:

Northwest Corner Parcel \$34,320,000 Village Center Parcels \$15,470,000 Day Care Parcel \$540,000 Village 4 Parcels \$6,960,000 Village 5 Parcels \$6,820,000

Net Present Value Conclusions:

Village 4 Parcels \$5,990,000 Village 5 Parcels \$5,910,000

Annual Market Ground Rent Conclusions:

Northwest Corner Parcel \$2,745,600 Village Center Parcels \$1,237,600

E. Definition of Terms

Various special terms used in this report are defined in the following paragraphs in order to assist the reader in better understanding specific terminology.

1. Market Value

The current definition of market value as stated by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions (f) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

a. buyer and seller are typically motivated;

b. both parties are well informed or well advised, and acting in what they consider their own best interests;

c. a reasonable time is allowed for exposure in the open market;

d. payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and

e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2. Fee Simple, Leased Fee and Leasehold Estates

A fee simple estate is absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation.

A leased fee interest may be represented by a property held in fee with the right of use and occupancy conveyed by lease to others or as a lessor's right to receive ground or space rentals over a stipulated lease period with the right of ultimate repossession at the termination of said lease. The ownership interest of the underlying fee owner or landlord in this type of real property situation is defined as the leased fee estate.

A leasehold property is any property held under tenure of a lease, whereby the lessee possesses the right of use and occupancy of specific real property by virtue of a lease agreement. The real property rights of the lessee is the right to use and enjoy real estate for a stated term and upon certain conditions, such as the payment of rent. The lessee's interest represents a non-freehold estate and is defined as a leasehold estate.

3. <u>Highest and Best Use</u>

Highest and best use is defined as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

Highest and best use of land or a site as though vacant is defined as: "Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

Highest and best use of property as improved is defined as: "The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

Each of the three aforementioned definitions regarding "highest and best use" has been excerpted from <u>The Dictionary of Real Estate Appraisal</u>, Fourth Edition.

4. Discounting

A concept of time preference which holds that anticipated quantities of future income or benefits are worth less than the identical quantities of income or benefits received in the present. Furthermore, the estimated present value of future income tends to decrease systematically in relationship to the length of the anticipated deferment period. In appraisal analysis, discounting is the arithmetic procedure of applying a specific internal rate of return, as derived typically from the market, to an anticipated future income stream in order to develop a present worth or present value estimate.

5. Market Rent

The definition of market rent is the rental income that a property would most probably command on the open market as indicated by current

rentals being paid for comparable properties, as of the effective date of the appraisal

F. Limiting Conditions and Assumptions

The conduct of any appraisal is necessarily guided by, and its results influenced by, the terms of the assignment and the assumptions, which form the basis of the study. The following conditions and assumptions embodied in this report constitute the framework of our analysis and conclusions.

Special Limiting Conditions and Assumptions

- 1. Title reports were not available for review by the appraisers. Ownership of the various subject properties are based on public records. The appraisers are not aware of any easements or restrictions affecting the subject properties other than those which may be reflected on tax maps.
- 2. The results of this appraisal of the subject property are communicated in the form of a Summary Appraisal Report. This Summary Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Summary Appraisal Report. As such, it presents only a summary discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use of the report as stated herein. The appraisers are not responsible for unauthorized use of this report.

General Limiting Conditions and Assumptions

- 1. This appraisal is based upon the condition of the national economy and the purchasing power of the dollar as of the effective date of the appraisal.
- 2. This report expresses the opinion of the signers as of the date of the report; in no way has it been contingent upon the reporting of specified values or findings.
- 3. The appraisers have extensive experience in the valuation of real property interests and considers themselves competent to undertake and complete this appraisal assignment. A summary of the appraisers' qualifications are included in the Addenda of this report.
- 4. It is assumed that the subject properties are free and clear of any and all encumbrances other than those referred to herein, and no responsibility is

assumed for matters of a legal nature. This report is not to be construed as rendering any opinion of title, which is assumed to be good and marketable. Responsible ownership and competent management of the subject properties are also assumed, unless otherwise stated within the report.

- 5. It is assumed that any existing or proposed uses of the subject land will occur within the legal boundaries or property lines of the subject properties and that no encroachment or trespass exists, now or in the future, unless otherwise stated within the report.
- 6. It is assumed that any and all required licenses, certificates of occupancy and/or other legislative or administrative authorizations relating to any existing or proposed uses of the subject properties upon which our value conclusions are based will be obtained readily from the appropriate local, state, or federal government agencies, private institutions, or other organizational entities that exercise jurisdiction over these types of licensing and administrative matters.
- 7. Any maps or plot plans reproduced and included in this report are intended only for the purpose of showing spatial relationships. These maps do not necessarily represent measured surveys or measured maps, and the appraisers are not responsible for the possible existence of any topographic or surveying errors within such maps. No engineering tests were furnished, and, therefore, no liability is assumed for the soil conditions, bearing capacity of the subsoil or building engineering matters relating to the subject properties.
- 8. Information provided by informed local sources such as governmental agencies, financial institutions, realtors, buyers, sellers and others, was interpreted in the manner in which it was supplied and, whenever possible or practical, was checked and verified by secondary means. However, no responsibility is assumed for any possible misinformation contained in these sources of information.
- 9. Available flood maps examined during the course of this assignment were provided by the Federal Emergency Management Agency. Based on these available maps and to the best of our ability as appraisers, a determination has been made as to whether or not, in our opinion, the subject properties are located within an identified Special Flood Hazard Area. However, since the appraisers are not professional surveyors there is no guarantee, expressed or implied, as to the accuracy of this determination.
- 10. The presence of hazardous wastes or toxic materials such as underground storage tanks, asbestos, urea-formaldehyde foam insulation or other potentially harmful substances may have an adverse affect on the value of a given property. The value conclusion as reported herein are predicated on

the assumption that there is no such hazardous material on or in the subject properties that would result in this type of loss in value. No responsibility is assumed for any potentially adverse environmental conditions or for the lack of any expertise or engineering knowledge required to discover such conditions.

- 11. The appraisers are not required to give testimony or appear in court because of having made this appraisal unless arrangements for the appearance and the fee for such appearance have been agreed upon by the person or corporation requiring such testimony.
- 12. The principal appraiser's prior written consent and approval must be obtained in the event that the appraisal report should be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
- 13. The appraisers will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

II. DESCRIPTION OF REAL ESTATE

A. Area, City and Neighborhood Data

The subject properties are located in the Ewa District of the Island of Oahu in Kapolei at the base of the Makakilo residential subdivision. The Ewa District is located approximately 25 miles west of Downtown, Honolulu. Access to the Ewa district is via the H-1 Freeway and Farrington Highway (aka Highway 90) situated just north of the subject properties. The Ewa plain was characterized as the agricultural area for sugar cane. However, since the early 1980's, this area transitioned into seven master-planned communities and the City of Kapolei, with explosive residential, commercial and golf course community growth. Overall, the subject properties are well situated in Ewa adjacent to the primary commercial district of Kapolei as well as nearby residential areas, schools and recreational facilities. The commercial and residential neighborhoods in the subject area have room for additional population expansion.

B. Property Data and Description

Identification

The subject properties are identified by the Hawaii Housing Finance and Development Corporation as the Northwest Corner Parcel identified on Hawaii Tax Maps as follows:

Northwest Corner Parcel	9-1-16-35
Village Center Parcel	9-1-16-37 to 39
_	9-1-16-58
Day Care Parcel	•
Village 4 Parcels	9-1-79-01 to 35, 54
Village 5 Parcels	9-1-92-37 to 66, 104

A property data summary of the subject properties has been previously included in Table 1.

Location

Ewa, Oahu, Hawaii

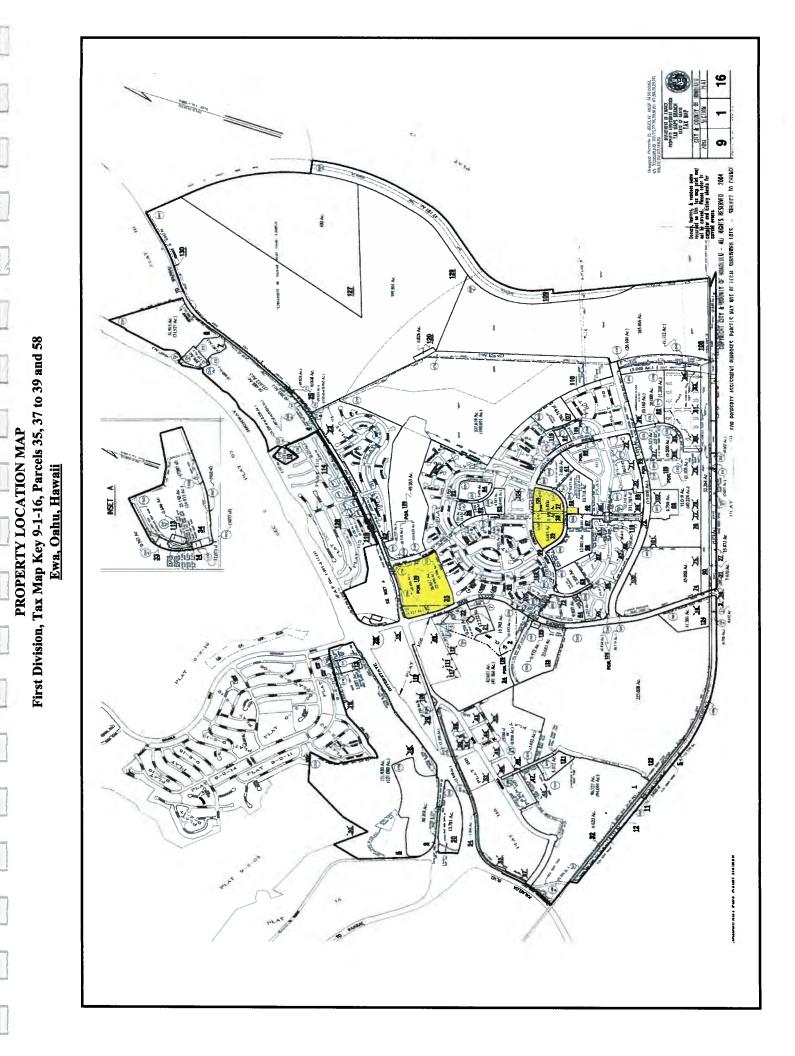
Ownership History

Based on public records, the various subject properties are all owned in fee simple by the State of Hawaii, Housing and Community Development Corporation of Hawaii (now known as the Hawaii Housing Finance and Development Corporation under the Department of Business, Economic Development and Tourism). No change in ownership has occurred within the last five years.

It should be noted that the Village 4 parcels that were previously sold and not included as part of this assignment were marketed and sold as house and lot packages between 1994 and 1995 for recorded sales prices of under \$300,000.

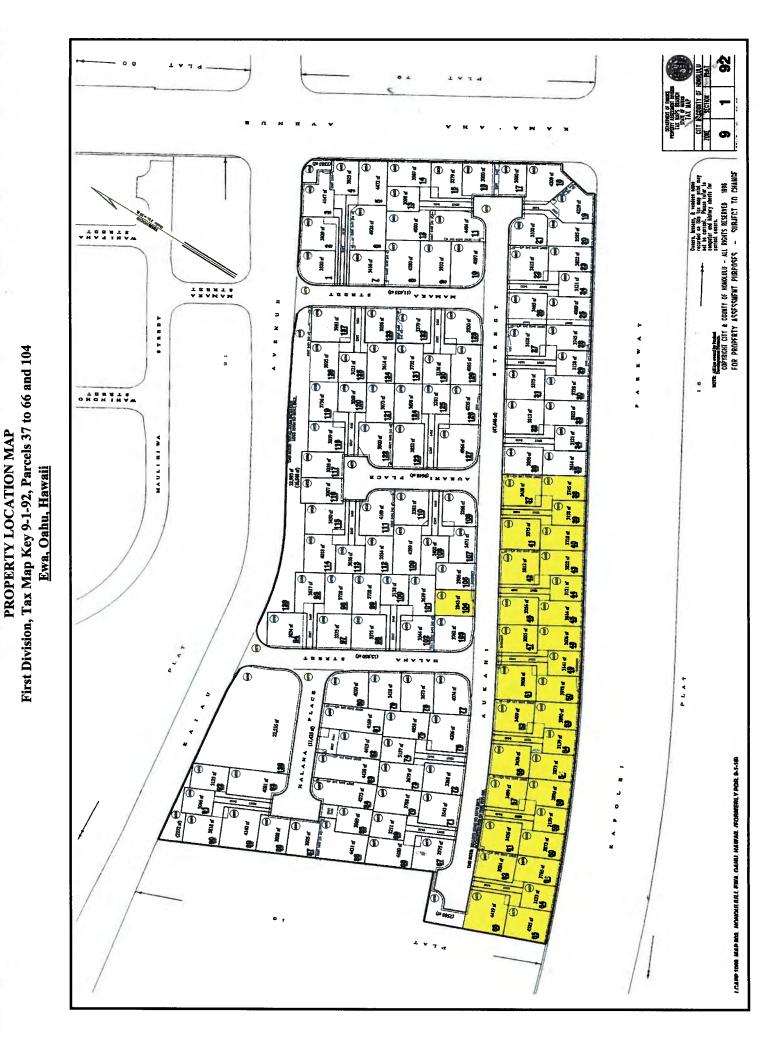
Pacific Ocean Pearl Harbor Weaver Ro TO THE ENTINES. Leve Or Eerhandez Village 26 Cotoe P.8 764 West Lock Golf Cours Coral Creek Golf Course Lower Village Renton 405EX Bismarck Sea Barbers Point Hawaii Golf Course Ewa Villages Golf Course Tenney Village of the state of th BISTIPCH BOR Redeevell Varona Village Village 5 Parcels Village 4 Parcels Kapolei Golf Course Sarakogo Muo Kapolel CH THE TOTAL PROPERTY. Kapole Day Care Parcel RO 83 **Makakilo City** Kapole 95 .wes. Elek 31 Northwest Corner Parcel DAIST BOILE IS NOT THE PARTY OF Village Center Parcels

ENVIRONS MAP Ewa, Oahu, Hawaii



FOR PROPERTY ASSESSMENT PURPOSES - SUBJECT TO CHANGE 1 **(1)** STREET First Division, Tax Map Key 9-1-79, Parcels 01 to 35 and 54 STREET Ewa, Oahu, Hawaii LD CT APP 1069 MAP 663 HONDUITHI DAHN HAWAN Framerivan 9-1-18) KEKÜLANI

PROPERTY LOCATION MAP



The majority of the Village 5 parcels that were previously sold and not included as part of this assignment were marketed and sold as house and lot packages between 1995 and 1996 for recorded sales prices of also under \$300,000. Ownership of Village 5 Parcels 67 to 105 were transferred to Iwalani Development Partners, the original developers of the Village 5 parcels, between 1999 to 2001. These house and lot packages were sold in back to back transactions for recorded sales prices of under \$300,000. We have been informed that the reasoning for the transfer of ownership prior to the sale was to clear financial difficulties that Iwalani Development Partners were facing at that time.

The subject vacant Village 4 parcels and Village 5 parcels were originally reserved for a self help housing project that never materialized. Due to more recent changes in the law, the housing project requirement no longer exists and previous plans have since been canceled.

Easements and Restrictions

A review of tax maps revealed no easements or restrictions which would appear to adversely affect the overall marketability or utility of the subject properties. The Northwest Corner Parcel (TMK Parcel 35) appears to be subject to various easements extending along portions of the north boundary, west boundary and southeast corner. A portion of the Village Center Parcels (TMK Parcel 38) appears to be subject to an irrigation waterline easement extending through the property. Various Village 4 and Village 5 Parcels are subject to easements extending along portions of the borders of the properties.

State Land Use

Urban District as summarized in Table 1.

Zoning

As shown in Table 1 and summarized as follows:

Northwest Corner Parcel – BMX-3, Community Business Mixed Use District

Village Center Parcels – AMX-1, Low Density Apartment Mixed Use District

Day Care Parcel - R-5, Residential District

Village 4 Parcels – R-3.5, Residential District

Village 5 Parcels – R-5, Residential District

The intent of the BMX-3, Community Business Mixed Use District is to provide areas for both commercial and residential uses which are located outside of the central business mixed use district at a lower intensity than the central business mixed use district. Generally this applies to areas along major thoroughfares adjacent to properties zoned B-2, BMX-4, A-3, AMX-2 and AMX-3. It is also intended that it be applied to areas where the existing land use pattern is already a mixture of commercial and residential uses, occurring horizontally, vertically or both. Development standards for properties zoned BMX-3 include a minimum lot size of 5,000 square feet with a minimum depth and width of 50 feet. The maximum density shall not exceed a floor area ratio (FAR) of 2.5 unless public open space or an arcade area is provided in which case the FAR may be increased up to 3.5. The maximum height limit for the subject BMX-3 zoned property is 60 feet.

The purpose of the Apartment Mixed Use Districts is to allow some commercial uses in apartment neighborhoods. The additional commercial uses shall be permitted under varying intensities and are intended to support the daily and weekly commercial service needs of the neighborhood, conserve transportation energy by lessening automobile dependency, create more diverse neighborhoods and optimize the use of both land and available urban services and facilities. Mixing may occur horizontally and vertically, but controls are established to maintain the character of these neighborhoods primarily as apartment neighborhoods. Development standards for properties zoned AMX-1 include a minimum lot size of 7,500 square feet with a minimum depth and width of 70 feet. The maximum density shall not exceed a floor area ratio (FAR) of 0.9. The maximum height limit for the subject AMX-1 zoned property is 25 feet.

The purpose of the Residential Districts is to allow for a range of residential densities. The primary use shall be detached residences. Other types of dwellings may also be allowed, including zero lot line, cluster and common wall housing arrangements. Non-dwelling uses which support and complement residential neighborhood activities shall also be permitted. Development standards for properties zoned R-3.5 include a minimum lot size of 3,500 square feet for one-family detached dwellings and 3,500 square feet for duplexes. Development standards for properties zoned R-5 include a minimum lot size of 5,000 square feet for one-family detached dwellings, 7,500 square feet for one-family detached dwellings and 3,750 square feet for duplexes. The

maximum height permitted for the subject residential zoned properties is 25 feet.

It should be noted that the majority of the subject residential zoned properties do not meet the minimum lot size requirements established by the underlying zoning.

Utilities

All public utilities including water, sanitary sewer, electricity and telephone service are available to the subject properties by way of underground or overhead utility transmission lines.

Flood Hazard District

The properties are located within Zone D, areas in which flood hazards are undetermined as summarized in Table 1 (Flood Hazards Map Number 15003C0310F, effective date September 30, 2004).

Assessed Values

The assessed values for the land and improvements for the subject properties for ad valorem tax purposes for the calendar year 2007 is summarized in Table 2 following. Due to the State of Hawaii ownership of the subject properties, the subject properties are totally exempt for real property tax purposes.

Site Description

Northwest Corner Parcel, TMK 9-1-16-35 — A roughly square shaped vacant parcel bounded by Farrington Highway to the north, Fort Barrette Road to the west and Kealanani Avenue to the east. Single-family residential subdivisions extend to the south of the property. The property is generally level at street grades with slightly sloping sections.

Village Center Parcels, TMK 9-1-16-37 to 39 — Consists of three adjoining tax map key parcels forming an irregular shaped vacant site bounded by Kama'aha Avenue to the north and Kama'aha Loop to the west, south and east sides. Single-family residential subdivisions extend to the north of the property. Kapolei Elementary School extends along portions to the south of the property along with townhouse condominium projects. Single-family residential subdivisions extend further south. The property is generally level at street grade.

<u>Day Care Parcel, TMK 9-1-16-58</u> — Situated directly across of Kama'aha Loop from the Village Center Parcels, this site consists of a rectangular shaped vacant parcel situated adjoining Kapolei Elementary School to the west. The property is generally level at street grade.

Table 2 (Page 1)

2007 ASSESSED VALUES AND REAL PROPERTY TAXES Villages of Kapolei - Vacant Parcels

Ewa, Oahu, Hawaii

		Land Area		2007 A.	ssessed Valu	165		Real
	<u> </u>	Acres/	Land		Building	Paramethan	Total	Property Taxes
	Tax Map Key	Sq.Ft.	Value	Exemption	Value	Exemption	TOTAL	Larcs
	Northwest Corne	er Parcel						
1	9-1-16-35	26.617	\$17,252,400	\$17,252,400	\$0	\$0	\$0	\$0
•	<i>y</i> 1 10 55	1,159,437	, _ , _ , _ , _ , _ , _ , _ , _ , _ , _					
	Village Center P							
2	9-1-16-37 to 39	15.376	\$4,681,200	\$4,681,200	\$0	\$0	\$0	\$0
2	, 1 10 5, 10 6,	669,779	* 1,223,23					
	Day Care Parcel							
3	9-1-16-58	0.673	\$205,300	\$205,300	\$0	\$0	\$0	\$0
9	<i>y</i> 1 10 50	29,315	4,					
	Village 4 Parcels	· ·						
4	9-1-79-01	2,768	\$323,000	\$323,000	\$0	\$0	\$0	\$0
5	9-1-79-02	3,221	336,300	336,300	0	0	0	0
6	9-1-79-03	2,331	314,300	314,300	0	0	0	0
7	9-1-79-04	2,955	330,300	330,300	0	0	0	0
8	9-1-79-05	3,554	342,800	342,800	0	0	0	0
9	9-1-79-06	2,823	325,500	325,500	0	0	0	0
10	9-1-79-07	3,561	344,700	344,700	0	0	0	0
11	9-1-79-08	2,645	322,100	322,100	0	0	0	0
12	9-1-79-09	3,219	336,800	336,800	0	0	0	0
13	9-1-79-10	3,209	333,400	333,400	0	0	0	0
14	9-1-79-10	2,748	324,600	324,600	0	0	0	0
15	9-1-79-11	3,561	344,700	344,700	0	0	0	0
16	9-1-79-13	2,645	322,100	322,100	0	0	0	0
17	9-1-79-13	4,080	356,900	356,900	0	0	0	0
18	9-1-79-15	4,532	361,900	361,900	0	0	0	0
19	9-1-79-16	3,306	317,300	317,300	0	0	0	0
20	9-1-79-17	3,306	332,500	332,500	0	0	0	0
21	9-1-79-17	3,072	330,900	330,900	0	Ö	0	0
22	9-1-79-18	2,331	317,600	317,600	0	Ö	0	0
23	9-1-79-20	3,242	340,100	340,100	0	0	0	0
23 24	9-1-79-21	2,840	330,200	330,200	0	0	0	0
25	9-1-79-22	3,209	334,400	334,400	0	Ö	0	0
26	9-1-79-22	2,955	333,000	333,000	0	0	0	0
27	9-1-79-24	2,331	317,600	317,600	0	0	0	0
28	9-1-79-2 4 9-1-79-25	3,242	340,100	340,100	0	0	0	0
29	9-1-79 - 25 9-1-79 - 26	2,823	323,700	323,700	0	0	0	0
30	9-1-79-27	3,213	334,000	334,000	0	0	0	0
31	9-1-79 - 28	3,931	357,200	357,200	0	0	0	0
32	9-1-79-28 9-1-79-29	2,637	325,100	325,100	0	0	0	0
33	9-1-79-30	2,331	317,600	317,600	0	0	0	0
33 34	9-1-79-30 9-1-79-31	2,331	317,600	317,600	0	0	0	0
	9-1-79-31 9-1-79-32	2,331	317,600	317,600	0	0	0	0
35		2,531 2,537	322,700	322,700	0	0	0	0
36	9-1-79 - 33		352,700	352,700	0	0	0	0
37	9-1-79-34	3,752		376,300	0	0	0	0
38	9-1-79-35	4,851	376,300 325,100				<u>0</u>	<u>0</u>
39	9-1-79-54	2,939	325,100 \$11,092,700	325,100 \$11,082,700	<u>0</u> \$0	<u>0</u> \$0	\$ <u>0</u>	\$0
		Total	\$11,982,700	\$11,982,700	ΦU	ΦU	ቅ ሀ	φU

2007 ASSESSED VALUES AND REAL PROPERTY TAXES Villages of Kapolei - Vacant Parcels <u>Ewa, Oahu, Hawaii</u>

				2007 A	ssessed Va	lues		Real
		Land Area	Land		Building			Property
	Tax Map Key	Sq.Ft.	Value	Exemption	Value	Exemption	Total	Taxes
	Village 5 Parcels							
10	9-1-92-37	3,438	\$298,300	\$298,300	\$0	\$0	\$0	\$0
11	9-1-92-38	3,745	311,500	311,500	0	0	0	0
12	9-1-92-39	3,138	285,400	285,400	0	0	0	0
13	9-1-92-40	3,728	310,800	310,800	0	0	0	0
14	9-1-92-41	3,375	295,600	295,600	0	0	0	0
15	9-1-92-42	3,812	314,400	314,400	0	0	0	0
16	9-1-92-43	3,822	314,900	314,900	0	0	0	0
17	9-1-92-44	3,121	284,700	284,700	0	0	0	0
48	9-1-92-45	3,614	305,900	305,900	0	0	0	0
49	9-1-92-46	3,056	281,900	281,900	0	0	0	0
50	9-1-92-47	3,055	281,900	281,900	0	0	0	0
51	9-1-92-48	3,606	305,600	305,600	0	0	0	0
52	9-1-92-49	3,141	285,600	285,600	0	0	0	0
53	9-1-92-50	3,978	321,600	321,600	0	0	0	0
54	9-1-92-51	3,906	318,500	318,500	0	0	0	0
55	9-1-92-52	3,499	301,000	301,000	0	0	0	0
56	9-1-92-53	3,890	317,800	317,800	0	0	0	0
57	9-1-92-54	3,139	285,500	285,500	0	0	0	0
58	9-1-92-55	3,873	317,000	317,000	0	0	0	0
59	9-1-92-56	3,436	298,300	298,300	0	0	0	0
60	9-1-92-57	3,499	301,000	301,000	0	0	0	0
61	9-1-92-58	3,890	317,800	317,800	0	0	0	0
62	9-1-92-59	3,139	285,500	285,500	0	0	0	0
63	9-1-92-60	3,873	317,000	317,000	0	0	0	0
64	9-1-92-61	3,436	298,300	298,300	0	0	0	0
65	9-1-92-62	3,094	283,500	283,500	0	0	0	0
66	9-1-92-63	3,765	312,400	312,400	0	0	0	0
67	9-1-92-64	3,123	284,800	284,800	0	0	0	0
68	9-1-92-65	4,585	347,700	347,700	0	0	0	0
69	9-1-92-66	4,419	340,500	340,500	0	0	0	0
70	9-1-92-104	2,843	272,800	272,800	<u>0</u>		0	0
		Total	\$9,397,500	\$9,397,500	\$0	<u>0</u> \$0	<u>0</u> \$0	\$0

Source: City & County of Honolulu Real Property Assessment & Tax Billing Web Site, February 2007. 7214AV

Village 4 Parcels, TMK 9-1-79-01 to 35 and 54 — Consists of 36 tax map key parcels situated mostly along and accessed by Wa'akea Place with the exception of Parcel 54 which is situated off of and accessed by Wa'a'ula Street. The parcels either front along the street or are situated to the rear and accessed by driveway parcels. The majority of the parcels are generally square or rectangular shaped and are level at street grade. Kama'aha Avenue extends to the west of the subdivision and Kapolei Parkway extends to the south of the subdivision. The subject parcels are part of a larger single-family residential subdivision consisting of 152 parcels including driveway and irregular parcels. The immediate area is predominantly residential in nature.

Village 5 Parcels, TMK 9-1-92-37 to 66 and 104 — Consists of 31 tax map key parcels situated along and accessed by Aukahi Street. The parcels either front along the street or are situated to the rear and accessed by either driveway easements or have roughly flaglot shapes. The majority of the parcels are generally square or rectangular shaped and are level at street grade. Kapolei Parkway extends to the south of the subdivision. The subject parcels are part of a larger single-family residential subdivision consisting of 139 parcels including irregular parcels. The immediate area is predominantly residential in nature.

Planned Uses

Based on information provided by Hawaii Housing Finance and Development Corporation, the planned uses for the subject properties are shown in Table 1 and summarized as follows:

Northwest Corner Parcel - Commercial

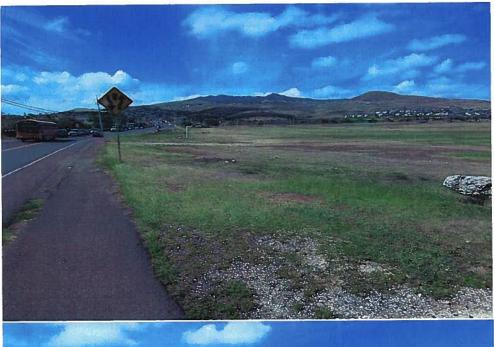
Village Center Parcels - Commercial, Multi-Family and
Church

Day Care Parcel – Day Care

Village 4 Parcels - Single-Family Residential

Village 5 Parcels - Single-Family Residential

The planned uses appear generally consistent with the underlying zoning of the subject properties. The planned church use within the Village Center Parcels and the planned day care use for the Day Care Parcel may require conditional use permits.



View from the south corner of the Northwest Corner Parcel facing northwest along the Fort Barrette Road boundary.



View from the south corner of the Northwest Corner Parcel facing north across the property.



View from the south corner of the Northwest Corner Parcel facing northeast along the southeast boundary of the property.



View of the Village Center Parcels from Kama'aha Loop near the intersection with Kama'aha Avenue on the west side.



View of the Village Center Parcels from Kama'aha Loop near the intersection with Kama'aha Avenue on the east side.



View of the Day Care Parcel from across Kama'aha Loop.



View down Wa'akea Place facing southeast with the Village 4 Parcels extending along both sides of the street.



View of the Village 5 Parcels extending along Aukahi Street.

III. DATA ANALYSIS AND CONCLUSIONS

A. <u>Highest and Best Use</u>

Highest and best use is defined in <u>The Appraisal of Real Estate</u>, Twelfth Edition, as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value".

In a highest and best use analysis, land as though vacant and the property as improved are considered and must meet four criteria. The highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive. The highest and best use of land as vacant is based on the premise that the land is vacant or existing improvements can be demolished to create a vacant parcel of land. When a property is improved, highest and best use must consider the use that can be made of an improved property based on its existing improvements.

Northwest Corner Parcel, TMK 9-1-16-35 — The physical characteristics of a site represent the first of the four criteria that must be met in determining the highest and best use of a land parcel. The subject property is a roughly square shaped vacant parcel bounded by Farrington Highway to the north, Fort Barrette Road to the west and Kealanani Avenue to the east. The property is generally level at street grades with slightly sloping sections. We assume that the land is not subject to unusual drainage or soil conditions. Access to and exposure of the property is considered to be good by way of Farrington Highway, Fort Barrette Road and Kealanani Avenue. The property is zoned for commercial mixed use (BMX-3). The commercial center of Kapolei City extends just west of the property along Kamokila Boulevard. The subject's size, zoning and location along Farrington Highway supports a commercial mixed use of the property as the highest and best use as vacant. This type of development should offer the highest economic return to the land and was therefore considered maximally productive.

Village Center Parcels, TMK 9-1-16-37 to 39 — Consists of three adjoining tax map key parcels forming an irregular shaped vacant site bounded by Kama'aha Avenue to the north and Kama'aha Loop to the west, south and east sides. The property is generally level at street grade. We assume that the land is not subject to unusual drainage or soil conditions. Access to and exposure of the property is considered to be good by way of Kama'aha Avenue and Kama'aha Loop. The property is zoned for an apartment mixed use (AMX-1). Single-family residential subdivisions extend to the north of the property. Kapolei Elementary School extends along portions to the south of the property along with townhouse condominium projects. Single-family residential subdivisions extend further south. Although the subject consists of three adjoining tax map key parcels, greater development potential and economies of scale would probably exist as a consolidated site particularly when residential units are involved. The subject's size, zoning and location supports a multi-family mixed use of the property as the

highest and best use as vacant. This type of development should offer the highest economic return to the land and was therefore considered maximally productive.

Day Care Parcel, TMK 9-1-16-58 — This site consists of a rectangular shaped vacant parcel situated along Kama'aha Loop. The property is generally level at street grade. We assume that the land is not subject to unusual drainage or soil conditions. Access to and exposure of the property is considered to be good by way of Kama'aha Loop. The property is zoned for single-family residential use (R-5). Kapolei Elementary School adjoins the property on the east side. Single-family residential subdivisions extend further south. The subject's size, zoning and location supports a single-family residential subdivision use of the property as the highest and best use as vacant. This type of development should offer the highest economic return to the land and was therefore considered maximally productive.

Village 4 Parcels, TMK 9-1-79-01 to 35 and 54 — Consists of 36 tax map key parcels situated mostly along and accessed by Wa'akea Place with the exception of Parcel 54 which is situated off of and accessed by Wa'a'ula Street. The majority of the parcels are generally square or rectangular shaped and are level at street grade. We assume that the land is not subject to unusual drainage or soil conditions. Access to and exposure of the properties is considered to be good by way of Wa'akea Place and Wa'a'ula Street. Kama'aha Avenue extends to the west of the subdivision and Kapolei Parkway extends to the south of the subdivision providing easy access to the subdivision. The parcels are zoned for single-family residential use (R-3.5). The subject parcels are part of a larger single-family residential subdivision consisting of 152 parcels including driveway and irregular parcels. The immediate area is predominantly residential in nature. The subject's size, zoning and location supports a single-family residential use of the properties as the highest and best use as vacant. This type of development should offer the highest economic return to the land and was therefore considered maximally productive.

Village 5 Parcels, TMK 9-1-92-37 to 66 and 104 — Consists of 31 tax map key parcels situated along and accessed by Aukahi Street. The majority of the parcels are generally square or rectangular shaped and are level at street grade. We assume that the land is not subject to unusual drainage or soil conditions. Access to and exposure of the properties is considered to be good by way of Aukahi Street. Kapolei Parkway extends to the south of the subdivision, Kaiau Avenue extends to the north of the subdivision and Kama'aha Avenue extends to the east of the subdivision providing easy access to the subdivision. The parcels are zoned for single-family residential use (R-5). The subject parcels are part of a larger single-family residential subdivision consisting of 139 parcels including irregular parcels. The immediate area is predominantly residential in nature. The subject's size, zoning and location supports a single-family residential use of the properties as the highest and best use as vacant. This type of development should offer the highest economic return to the land and was therefore considered maximally productive.

B. Land Valuation

There are six generally accepted methods of land valuation: (1) sales comparison approach; (2) allocation; (3) extraction; (4) capitalization of ground rent; (5) land residual technique; and (6) development procedure. The sales comparison approach is the most common technique for valuing land and is the preferred method when comparable land sales are available. It is generally considered to be the most reliable approach and was considered the primary method to value the subject sites. Based on the principle of substitution, this method estimates the value of the land according to prices generally obtained for properties with similar locational characteristics and zoning classifications in the surrounding or neighboring areas.

1. Valuation of the Northwest Corner Parcel, TMK 9-1-16-35

In estimating the unencumbered fee simple value in land, the subject site was valued as though vacant and available for development in conformance with its highest, best and most productive use.

Of the transactions disclosed by our investigation, four commercial zoned land transactions were selected for critical analysis to establish a value index for the subject site. These transactions are analyzed in summary form in Table 3 with general locations of the various properties in relation to the subject property shown on the following Comparable Land Transactions Location Map. Detailed information on each transaction has been included in the Addenda as Exhibit I.

As shown in Table 3, the unit land value indication of each selected transaction was adjusted relative to the subject property to compensate for various comparative factors including economic and financing conditions (terms of sale), market conditions (price appreciation or depreciation over time), location, street frontage and access characteristics, zoning differences and physical characteristics in order to yield a fee simple unit land value indication for the subject site. A final adjustment for size differential was considered.

Terms of Sale -- Each sale was first analyzed as to economic and financing conditions (conditions of sale) to reflect the impact of non-institutional methods of financing or the advent of low financing costs due to favorable exchange rates and foreign financing. Down payment, interest rates and loan terms were considered in the cash equivalency analysis. All transactions were considered to be cash equivalent thus no adjustments were considered necessary.

<u>Market Conditions</u> -- From 1995 to January 2001, no quantifiable increase or decrease in prices was noted within the subject market. 2002 was the first in recent years in which a noticeable increase in transaction volume and price appreciation was noted in commercial land values.

TRANSACTION NUMBER 3 WHIT HORDWINE Kapolei Pky 95 «Kapolej A STANSON STAN 16 EIRENY **TRANSACTION NUMBER 2** TRANSACTION NUMBER 4 93 Kapolei Park TRANSACTION NUMBER 1 SUBJECT 7110 to make the Kapolel Pky Kaiau Me Kapolei Golf Course

COMPARABLE LAND TRANSACTIONS LOCATION MAP First Division Tax Map Key 9-1-16, Parcel 35 <u>Ewa, Oahu, Hawaii</u>

Transaction Number	Subject	1 _ & u	2	3	4
First Division, TMK	9-1-16-35	9-1-88-12 (Portion) 9-1-16-122 (Portion)	9-1-118-08	9-1-16-30	9-1-88-12 (Portion)
Location	Ewa	Ewa	Ewa	Ewa	Ewa
Land Area (Acres)	26.617	3.079	11.921	13.781	3.030
I and Area (So Et)	1.159.437	134.121	519.279	600,300	131.986
Zoning	BMX-3	B-2	B-2	B-2	B-2
Transaction Date		05-Dec-06	16-Oct-06	22-Sep-06	14-Jul-06
Instrument/Cash Equivalency		Deed/Cash	Deed/Cash	Deed/Cash	Deed/Cash
Indicated Fee Simple Value		\$6,700,000	\$11,424,133	\$15,000,000	\$2,777,211
Unit Value Per Square Foot		\$49.95	\$22.00	\$24.99	\$21.04
Terms of Sale		1.00	1.00	1.00	1.00
Adjusted Unit Value		\$49.95	\$22.00	\$24.99	\$21.04
Market Conditions Adjustment		1.00	1.00	1.00	1.00
Adjusted Unit Value		\$49.95	\$22.00	\$24.99	\$21.04
Adjustments (%)		700	700	%0	200
Location		800	900	%0	10%
Suret Fiontage/Access		% o	900	000	%OI
Zolung		0.00	880	%0	80
rnysical Characteristics Net Adjustments (%)		0.00	10%	%0	10%
Adjusted Unit Value		\$49.95	\$24.20	\$24.99	\$23.14
Size Adjustment		1.00	1.00	1.00	1.00
Size Adjusted Unit Value		\$49.95	\$24.20	\$24.99	\$23.14
Weighting Factor		0.20	0:30	0.40	0.10
Wighted Unit Value		\$9.99	\$7.26	\$10.00	\$2.31
	Range of Values	\$23.14 to \$49	to \$49.95 per sq.ft.		
	Mean Unit Value	\$30.57 per sq	per square foot		
	Weighted Unit Value	\$29.56 per sq	per square foot		
	Concluded Unit Value	\$29.60 per sq	per square foot		
	Indicated Site Value	\$29.60 per sq	per sq.ft. x 1,159,437 sq.ft. : \$34,319,335	9,335	

Although there is no current specific market indication for a market conditions adjustment relating to price appreciation for commercial land values in the immediate area, several commercial zoned land transactions currently in negotiations in the area indicate an increase in unit values will be taking place. We have been informed that within the Kapolei commercial area, two sites of approximately three acres have firm offers of \$29.00 and \$32.50 per square foot. One other current contract on an approximately three acre site, awaiting the City's street subdivision approvals and the most recent commercial sale of approximately three acres, are ranging from \$40.00 to \$50.00 per square foot. However, since these potential transactions represent significantly smaller sites, there is uncertainty if such increases in unit values could pertain to larger development sites. As a result, in addition to the recent nature of the comparable transactions, no adjustments were considered necessary for market conditions.

Location -- The location adjustment category takes into consideration aspects relating to each property's proximity to surrounding urban areas and major transportation routes and the resulting degree to which the associated relationship between potential land users and their markets are either enhanced or diminished. All transactions were considered to be similar to the subject in terms of locational characteristics being in the immediate Kapolei commercial area thus no adjustments were warranted.

Street Frontage and Access -- This adjustment considers the quantity and quality of street frontage, which adds value to the property through better exposure, use and flexibility. As summarized earlier within this report, the subject Northwest Corner Parcel is a roughly square shaped site containing extensive frontage and access characteristics along Farrington Highway to the north, Fort Barrette Road to the west and Kealanani Avenue to the east. Transaction Numbers 2 and 4 represents properties which are accessed from single street frontages. These transactions were considered to be inferior to the subject in terms of street frontage and access characteristics and were awarded upward adjustments of ten percent. Transaction Numbers 1 and 3 represent properties with extensive street frontage like the subject thus no further adjustments for street frontage and access characteristics were considered necessary.

Zoning -- The zoning adjustment considered any potential value differences between B-2, Commercial Business District zoned parcels and BMX-3, Community Business Mixed Use District zoned parcels like the subject. For purposes of this analysis, we have performed a paired sales analysis between recent B-2 zoned transactions and BMX-3 zoned transactions as summarized in Table 4. Due to the lack of BMX-3 zoned transactions in the immediate Kapolei area, we have expanded our research to the Honolulu area where BMX-3 zoned land sales are more prevalent. Based on the unadjusted unit land value indications summarized in Table 4

SUMMARY OF BUSINESS AND BUSINESS MIXED-USE ZONED LAND SALES Honolulu, Oahu, Hawaii

Address/Tax Map Key	Location	Land Area (Sq.Ft.)	Zoning	Instrument	Date	Sales Price	Indicated Market Value Per Sq.Ft.
Business Zoned Land Tra	nsactions						
1. 1231 North School Street 1-6-05-51 and 52	Honolulu	3,418	B-2	Deed	07/30/04	\$300,000	\$87.77
2. 1748 Liliha Street 1-7-35-26 and 35	Honolulu	14,273	B-2	Deed	03/10/06	2,000,000	140.12
3. 30 and 34 S. School Street 2-2-01-107 and 108	Honolulu	2,050	B-2	Deed	07/23/04	380,000	185.37
4. Kapahulu Avenue 2-7-32-30, 36, 38 & 39	Honolulu	207,584	B-2	Deed	01/05/06	27,000,000	130.07
5. 3150 Monsarrat Avenue 3-1-19-24	Honolulu	5,343	B-2	Deed	08/13/04	750,000	140.37
5. 1029 Kapahulu Avenue 3-2-07-19	Honolulu	18,786	B- 2	Deed	05/27/05	2,750,000	146.39
Business Mixed-Use Zone	d Land Tran	sactions				Average	\$138.35
1. 1723 Kalakaua Avenue 2-3-22-25	Honolulu	10,000	BMX-3	Deed	07/29/05	1,400,000	\$140.00
2. 1644 Kalakaua Avenue 2-3-23-08 and 34	Honolulu	7,529	BMX-3	Deed	10/03/06	1,200,000	159.38
3. 1830 Kapiolani Boulevard 2-3-32-06	Honolulu	21,381	BMX-3	Deed	12/06/05	2,815,829	131.70
1. 1617 Fern Street 2-3-32-52	Honolulu	22,664	BMX-3	Deed	12/21/05	4,400,000	194.14
5. 1010 Akoko Street 2-4-04-20	Honolulu	4,000	BMX-3	Deed	09/29/06	600,000	150.00
5. 1420 Kalakaua Avenue 2-4-05-01	Honolulu	6,786	BMX-3	Deed	01/24/05	800,000	117.89
7. 1414 Kalakaua Avenue 2-4-05-02	Honolulu	25,753	BMX-3	Deed	01/24/05	2,900,000	112.61
						Average	\$143.67
					Percentag	ge Differential	3.85%
Source: Hastings, Conboy,	Braig and As	sociates Li	td Februa	ry 2007			7214COMM

between B-2 zoned transactions and BMX-3 zoned transactions, it would appear that no apparent measurable significant difference in values currently exists between the zoning classifications. As such no adjustments were considered necessary for zoning differences.

<u>Physical Characteristics</u> — The physical characteristics adjustment considered the shape, topography and utility factors of the comparables in terms of development potential as compared to the subject. All transactions were considered to be similar to the subject in terms of physical characteristics representing generally level to slightly sloping, regular shaped developable sites like the subject, thus no adjustments were considered necessary.

<u>Size Adjustment</u> -- A size adjustment was considered next to compensate for the rule-of-thumb that larger parcels usually tend to reflect lower unit prices per square foot while smaller parcels usually reflect higher unit prices per square foot. Based on a review of the adjusted unit values and the corresponding lot sizes, a size adjustment was not applicable in this situation.

Conclusion -- The adjusted unit values ranged from \$23.14 to \$49.95 per square foot with a mean unit land value of \$30.57 per square foot. Awarding weighting factors to the comparable transactions based on the comparability of each transaction to the subject with the most weight awarded to Transaction Number 3 resulted in a weighted unit value of \$29.56 per square foot. Based on this analysis, we have concluded at a fee simple unit value of \$29.60 per square foot. On the basis of the foregoing analysis, it is our opinion that the rounded market value of the unencumbered fee simple interest of the subject Northwest Corner Parcel was \$34,320,000 based on \$29.60 per square foot on 1,159,437 square feet as shown in Table 3.

2. Valuation of the Village Center Parcels, TMK 9-1-16-37 to 39

In estimating the unencumbered fee simple value in land, the subject site was valued as though vacant and available for development in conformance with its highest, best and most productive use. As summarized in the Highest and Best Use Section of this report, although the subject consists of three adjoining tax map key parcels, greater development potential and economies of scale would probably exist as a consolidated site particularly when residential units are involved. As such we have elected to appraise the Village Center Parcels as a consolidated site.

Of the transactions disclosed by our investigation, three apartment zoned land transactions were selected for critical analysis to establish a value index for the subject site. These transactions are analyzed in summary form in Table 5 with general locations of the various properties in relation

@ 2002 Microsoft Com All fights re 8 Pacific Ocean TRANSACTION NUMBER 3 Colf Club **TRANSACTION NUMBER 2** donokai Hale TRANSACTION NUMBER 1 Famington Oahu 95 Makakilo City SUBJECT deliet Av annoton Hug

COMPARABLE LAND TRANSACTIONS LOCATION MAP First Division Tax Map Key 9-1-16, Parcels 37 to 39 <u>Ewa, Oahu, Hawaii</u>

		cwa, Oanu, nawan		
Transaction Number	Subject	1	2	3
First Division, TMK	9-1-16-37 to 39	9-1-56-13	9-1-56-05	9-1-56-02
Location	Ewa	Ewa	Ewa	Ewa
Land Area (Acres)	15.376	11.223	33,913	10.934
Land Area (Sq.Ft.)	611.699	488,874	1,477,250	476,285
Zoning	AMX-1	A-1	A-1	A-1
Transaction Date		08-Dec-04	16-Oct-03	01-Mav-01
Instrument/Cash Equivalency		Deed/Cash	Deed/Cash	Deed/Cash
Indicated Fee Simple Value		\$12,413,620	\$30,000,000	\$9,000,000
Unit Value Per Square Foot		\$25.39	\$20.31	\$18.90
Terms of Sale		1.00	1.10	1 00
Adjusted Unit Value		\$25.39	\$22.34	\$18.90
Market Conditions Adjustment		1.05	1.11	1.26
Adjusted Unit Value		\$26.66	\$24.80	\$23.81
Adjustments (%)		2000	200	
Location		%07-	-20%	-20%
Street Frontage/Access			2%	%0
Zoning		10%	10%	10%
Physical Characteristics		<u>%0</u>	<u>%0</u>	0%0
Net Adjustments (%)		-10%	-5%	-10%
Adjusted Unit Value		\$23.99	\$23.56	\$21.43
Size Adjustment		1.00	1.00	1.00
Size Adjusted Unit Value		\$23.99	\$23.56	\$21.43
Weighting Factor		0.50	0.20	0.30
Wighted Unit Value		\$12.00	\$4.71	\$6.43
Ra	Range of Values	\$21.43 to \$23.99 per sq.ft.	g.ft.	
M	Mean Unit Value	\$22.99 per square foot	1984	
W	Weighted Unit Value	\$23.14 per square foot		
3	Concluded Unit Value	\$23.10 per square foot		
III	Indicated Site Value	\$23.10 per sq.ft. x 669,779 sq.ft. =	,779 sq.ft. = \$15,471,895	

to the subject property shown on the following Comparable Land Transactions Location Map. Detailed information on each transaction has been included in the Addenda as Exhibit II.

As shown in Table 5, the unit land value indication of each selected transaction was adjusted relative to the subject property to compensate for various comparative factors including economic and financing conditions (terms of sale), market conditions (price appreciation or depreciation over time), location, street frontage and access characteristics, zoning differences and physical characteristics in order to yield a fee simple unit land value indication for the subject site. A final adjustment for size differential was considered.

<u>Terms of Sale</u> -- Each sale was first analyzed as to economic and financing conditions (conditions of sale) to reflect the impact of non-institutional methods of financing or the advent of low financing costs due to favorable exchange rates and foreign financing. Down payment, interest rates and loan terms were considered in the cash equivalency analysis. All transactions were considered to be cash equivalent thus no adjustments were considered necessary.

Market Conditions — The market conditions (time) adjustment factor is based on a five percent annual compound rate of appreciation (ACRA) factor to January 1, 2006. As summarized in the previous section, from 1995 to January 2001, no quantifiable increase or decrease in prices was noted within the subject market. Since then, residential prices in the area as well as throughout most of the rest of the island have recovered due to favorable interest rates and a healthy economy. Although the residential market in the area continues to be active, published reports indicate that there has been a growing inventory of residential properties on the market throughout the island from about the end of 2005. Reported median prices continue to remain stable. Based on the active real estate market in the area, a five percent annual compound rate of appreciation was considered reasonable to January 1, 2006 with prices remaining stable thereafter.

Location -- The location adjustment category takes into consideration aspects relating to each property's proximity to surrounding urban areas and major transportation routes and the resulting degree to which the associated relationship between potential land users and their markets are either enhanced or diminished. All transactions were considered to be superior to the subject in terms of locational characteristics based on their locations within the neighboring Ko Olina Resort area. Residential developments within the Ko Olina Resort area consists of more upscale residential developments in comparison to the Kapolei area, many of which are targeted toward the visitor and second home market. Each transaction was awarded downward adjustments of 20 percent to compensate for locational characteristics differences.

Street Frontage and Access -- This adjustment considers the quantity and quality of street frontage, which adds value to the property through better exposure, use and flexibility. Transaction Number 2 represents the sale of a parcel extending off of Ko'i'o Drive with more limited access characteristics. As such, Transaction Number 2 was considered to be inferior to the subject in terms of street frontage and access characteristics and was awarded an upward adjustment of five percent. Transaction Numbers 1 and 3 represent parcels with similar street frontage and access characteristics to the subject thus no further adjustments were warranted.

Zoning -- The zoning adjustment considered any potential value differences between A-1, Low Density Apartment District zoned parcels and AMX-1, Low Density Apartment Mixed Use District zoned parcels like the subject. For purposes of this analysis, we have performed a paired sales analysis between recent apartment zoned transactions and apartment mixed use zoned transactions as summarized in Table 6. Due to the lack of apartment mixed use zoned transactions in the area, we have expanded our research to the Honolulu area where apartment mixed use zoned land sales are more prevalent. Based on the unadjusted unit land value indications summarized in Table 6 between apartment zoned transactions and apartment mixed use zoned transactions, it would appear that a measurable difference in values currently exists between the zoning classifications. Based on the average unadjusted unit values, a pricing differential of approximately 45 percent exists between apartment zoned transactions and apartment mixed use zoned transactions. It should be noted however, that two of the apartment mixed use zoned land transactions represents very small parcels which may have resulted in the higher units values. A pricing differential of approximately 15 percent still exists between the apartment zoned transactions and the larger of the apartment mixed use transactions. For purposes of this analysis, we have adjusted each transaction upward by ten percent to compensate for zoning differences.

<u>Physical Characteristics</u> — The physical characteristics adjustment considered the shape, topography and utility factors of the comparables in terms of development potential as compared to the subject. All transactions were considered to be similar to the subject in terms of physical characteristics representing generally level to slightly sloping, regular shaped developable sites like the subject, thus no adjustments were considered necessary.

<u>Size Adjustment</u> -- A size adjustment was considered next to compensate for the rule-of-thumb that larger parcels usually tend to reflect lower unit prices per square foot while smaller parcels usually reflect higher unit prices per square foot. Based on a review of the adjusted unit values and the corresponding lot sizes, a size adjustment was not applicable in this situation.

Table 6

SUMMARY OF APARTMENT AND APARTMENT MIXED-USE ZONED LAND SALES Honolulu, Oahu, Hawaii

Address/Fax Map Key	Location	Land Area (Sq.Ft.)	Zoning	Instrument	Date	Sales Price	Indicated Market Value Per Sq.Ft.
Apartment Zoned Land T	ransactions						
1. 1663 Waikahalulu Lane 1-7-09-04	Honolulu	2,609	A-1	Deed	12/30/05	\$325,000	\$124.57
2. 1310 Pensacola Street 2-4-13-21 and 24	Honolulu	20,200	A-2	Deed	09/14/06	2,500,000	123.76
3. 1518 Thurston Avenue 2-4-16-09	Honolulu	12,500	A-2	Deed	02/03/06	1,350,000	108.00
4. 1538 Pele Street 2-1-21-35	Honolulu	4,980	A-2	Deed	04/19/06	410,000	82.33
5. 417 Iolani Avenue 2-1-21-49	Honolulu	11,105	A-2	Deed	08/04/05	925,000	83.30
6. 1326 Piikoi Street 2-4-12-26	Honolulu	10,809	A-2	Deed	07/18/05	572,000	52.92
7. 2555 Kapiolani Boulevard 2-7-22-11	Honolulu	20,215	A-2	Deed	03/09/05	1,660,000	82.12
8. 727 Mahiai Street 2-7-23-21	Honolulu	11,895	A-2	Deed	12/08/04	1,150,000	<u>96.68</u>
2-7-23-21						Average	\$94.21
Apartment Mixed-Use Zo	ned Land Tı	ansactions	<u> </u>				
1. 1725 Young Street 2-8-01-10	Honolulu	2,891	AMX-2	Deed	08/23/05	545,000	\$188.52
2. 1025 Punahou Street 2-8-01-24	Honolulu	6,403	AMX-2	Deed	07/01/05	694,000	108.39
3. 1110 Pawaa Lane	Honolulu	3,973	AMX-2	Deed	09/08/04	450,000	113.26
2-8-01-51						Average	\$136.72
					Percentag	e Differential	45.13%
Source: Hastings, Conboy,	Braig and A	ssociates T	td Februs	arv 2007.			7214APT

Conclusion -- The adjusted unit values ranged from \$21.43 to \$23.99 per square foot with a mean unit land value of \$22.99 per square foot. Awarding weighting factors to the comparable transactions based on the comparability of each transaction to the subject with the most weight awarded to Transaction Number 1 resulted in a weighted unit value of \$23.14 per square foot. Based on this analysis, we have concluded at a fee simple unit value of \$23.10 per square foot. On the basis of the foregoing analysis, it is our opinion that the rounded market value of the unencumbered fee simple interest of the subject Village Center Parcels was \$15,470,000 based on \$23.10 per square foot on 669,779 square feet as shown in Table 5.

3. Valuation of the Day Care Parcel, TMK 9-1-16-58

In estimating the unencumbered fee simple value in land, the subject site was valued as though vacant and available for development in conformance with its highest, best and most productive use.

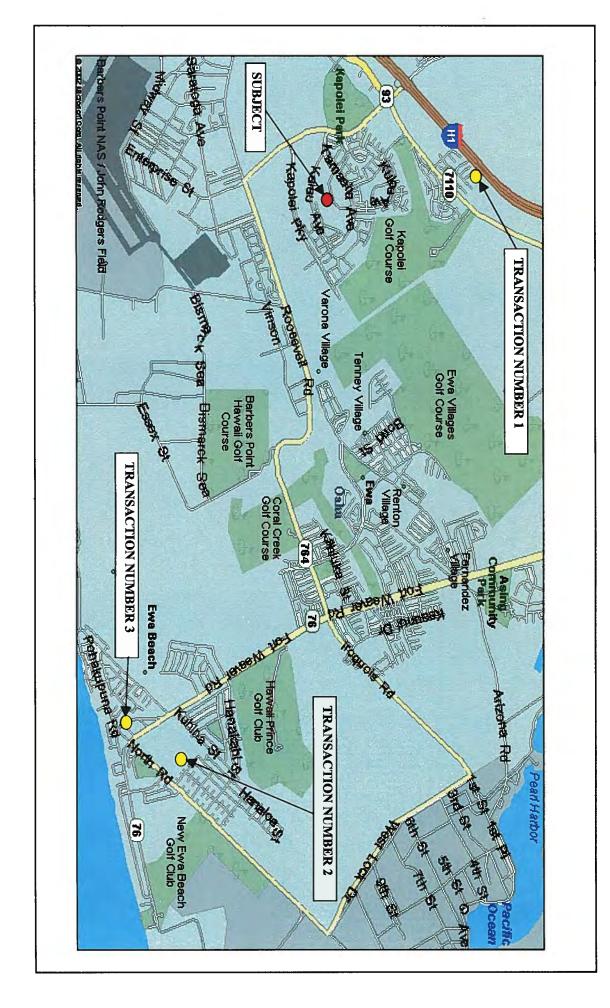
Of the transactions disclosed by our investigation, three larger residential zoned land transactions were selected for critical analysis to establish a value index for the subject site. These transactions are analyzed in summary form in Table 7 with general locations of the various properties in relation to the subject property shown on the following Comparable Land Transactions Location Map. Detailed information on each transaction has been included in the Addenda as Exhibit III.

As shown in Table 7, the unit land value indication of each selected transaction was adjusted relative to the subject property to compensate for various comparative factors including economic and financing conditions (terms of sale), market conditions (price appreciation or depreciation over time), location, street frontage and access characteristics and physical characteristics in order to yield a fee simple unit land value indication for the subject site. A final adjustment for size differential was applied.

Terms of Sale -- Each sale was first analyzed as to economic and financing conditions (conditions of sale) to reflect the impact of non-institutional methods of financing or the advent of low financing costs due to favorable exchange rates and foreign financing. Down payment, interest rates and loan terms were considered in the cash equivalency analysis. All transactions were considered to be cash equivalent thus no adjustments were considered necessary.

Market Conditions -- As in the previous section of this report, the market conditions (time) adjustment factor is based on a five percent annual compound rate of appreciation (ACRA) factor to January 1, 2006. Residential prices in the area as well as throughout most of the rest of the island have recovered due to favorable interest rates and a healthy

COMPARABLE LAND TRANSACTIONS LOCATION MAP First Division Tax Map Key 9-1-16, Parcel 58 <u>Ewa, Oahu, Hawaii</u>



		Ewa, Oahu, Hawaii		
Transaction Number	Subject	1	2	3
First Division, TMK	9-1-16-58	9-1-112-206	9-1-37-146	9-1-08-43
Location	Ewa	Ewa	Ewa	Ewa
Land Area (Acres)	0.673	2.355	5.013	0.471
Land Area (Sq.Ft.)	29,315	102,584	218,358	20,506
Zoning	R-5	R-5	R-5	R-5
Transaction Date		27-Jul-05	02-Jun-05	12-Jan-05
Instrument/Cash Equivalency		Deed/Cash	Deed/Cash	Deed/Cash
Indicated Fee Simple Value		\$650,000	\$1,500,000	\$440,000
Unit Value Per Square Foot		\$6.34	\$6.87	\$21.46
Terms of Sale		1.00	1.00	1.00
Adjusted Unit Value		\$6.34	\$6.87	\$21.46
Market Conditions Adjustment		1.02	1.03	1.05
Adjusted Unit Value		\$6.47	\$7.08	\$22.53
Adjustments (%)				
Location		%0	%0	%0
Street Frontage/Access		10%	5%	%0
Physical Characteristics		20%	% 0	<u>%0</u>
Net Adjustments (%)		30%	2%	%0
Adjusted Unit Value		\$8.41	\$7.43	\$22.53
Size Adjustment		1.79	2.54	0.85
Size Adjusted Unit Value		\$15.05	\$18.87	\$19.15
Weighting Factor		0.20	0.20	09.0
Wighted Unit Value		\$3.01	\$3.77	\$11.49
	Range of Values	\$15.05 to \$19.15 per sq.ft.	sq.ft.	
	Mean Unit Value	\$17.69 per square foot	ot	
	Weighted Unit Value	\$18.27 per square foot	ot	
	Concluded Unit Value			
	Indicated Site Value	\$18.30 per sq.ft. x 29,315 sq.ft. =	3.315 sq.ft. = \$536,465	

economy. Although the residential market in the area continues to be active, published reports indicate that there has been a growing inventory of residential properties on the market throughout the island from about the end of 2005. Reported median prices continue to remain stable. Based on the active real estate market in the area, a five percent annual compound rate of appreciation was considered reasonable to January 1, 2006 with prices remaining stable thereafter.

<u>Location</u> -- The location adjustment category takes into consideration aspects relating to each property's proximity to surrounding urban areas and major transportation routes and the resulting degree to which the associated relationship between potential land users and their markets are either enhanced or diminished. All transactions were considered to be similar to the subject in terms of locational characteristics being in the immediate Kapolei or neighboring Ewa area thus no adjustments were warranted.

Street Frontage and Access -- This adjustment considers the quantity and quality of street frontage, which adds value to the property through better exposure, use and flexibility. Transaction Number 1 represents the sale of a parcel situated at the end of Wahane Place with limited access characteristics. Transaction Number 1 was considered to be inferior to the subject in terms of street frontage and access characteristics and was awarded an upward adjustment of ten percent. Transaction Number 2 represents a flag lot which was also considered to be inferior to the subject in terms of street frontage and access characteristics. Transaction Number 2 was awarded an upward adjustment of five percent for street frontage and access characteristics differences. Transaction Number 3 represents a parcel with similar street frontage and access characteristics to the subject thus no further adjustments were warranted.

Physical Characteristics — The physical characteristics adjustment considered the shape, topography and utility factors of the comparables in terms of development potential as compared to the subject. Transaction Number 1 represents a very irregular shaped parcel containing some relatively steeply sloping sections. Transaction Number 1 was considered to be inferior to the subject in terms of physical characteristics and was awarded an upward adjustment of 20 percent. Transaction Numbers 2 and 3 represent parcels which were considered to be similar to the subject in terms of physical characteristics being generally level somewhat rectangular shaped developable sites like the subject, thus no further adjustments were considered necessary.

<u>Size Adjustment</u> -- A size adjustment was applied next to compensate for the rule-of-thumb that larger parcels usually tend to reflect lower unit prices per square foot while smaller parcels usually reflect higher unit prices per square foot. We have employed the Dilmore size adjustment

tables in determining size adjustment factors for the various comparable transactions.

Conclusion -- The adjusted unit values ranged from \$15.05 to \$19.15 per square foot with a mean unit land value of \$17.69 per square foot. Awarding weighting factors to the comparable transactions based on the comparability of each transaction to the subject with the most weight awarded to Transaction Number 3 resulted in a weighted unit value of \$18.27 per square foot. Based on this analysis, we have concluded at a fee simple unit value of \$18.30 per square foot. On the basis of the foregoing analysis, it is our opinion that the rounded market value of the unencumbered fee simple interest of the subject Day Care Parcel was \$540,000 based on \$18.30 per square foot on 29,315 square feet as shown in Table 7.

4. Valuation of the Village 4 Parcels, TMK 9-1-79-01 to 35 and 54 and the Village 5 Parcels, TMK 9-1-92-37 to 66 and 104

The first step in this analysis is to establish the benchmark unit value for a typical vacant residential house lot within the Village 4 Parcels and Village 5 Parcels. Due to close similarities between the remaining vacant residential lots within the Village 4 Parcels and Village 5 Parcels, only one benchmark lot was considered necessary. For purposes of this analysis, Village 4 Parcel, TMK 9-1-79, Parcel 05 was chosen as the subject benchmark lot.

The subject benchmark lot value was estimated based on a sales comparison approach. In estimating the unencumbered fee simple value in land, the subject benchmark lot was valued as though vacant and available for development in conformance with its highest, best and most productive use.

Of the transactions disclosed by our investigation, three vacant residential zoned house lot sales were selected for critical analysis to establish a value index for the subject benchmark lot. Due to the fact the vast majority of new residential sales for the entire Ewa through Kapolei area consists of developer house and lot packages, very few vacant residential lot sales were found in our research. Of the transactions selected for critical analysis, two transactions represent vacant lots that were subdivided by way of the condominium property regime. The selected transactions are analyzed in summary form in Table 8 with general locations of the various properties in relation to the subject benchmark lot shown on the following Comparable Land Transactions Location Map. Detailed information on each residential lot transaction has been included in the Addenda as Exhibit IV.

As shown in Table 8, the unit land value indication of each selected transaction was adjusted relative to the subject benchmark lot to

arbers Point NAS f John Redgers Field ETHORISM SI COMPARABLE LAND TRANSACTIONS LOCATION MAP Varona VIIIage PASITION BER BISMINICK SO First Division Tax Map Key 9-1-79, Parcel 05 Tenney Village Ewa Villages Golf Course Barbers Point Hawaii Golf Course Ewa, Oahu, Hawaii TRANSACTION NUMBERS 1 & 3 Coral Creek Golf Course Ewa Beach **TRANSACTION NUMBER 2**

SUBJECT

New Ewa Beach Golf Club

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Transaction Number	Subject	1	2	3
First Division, TMK	9-1-79-05	9-1-08-43 CPR 4	9-1-02-159	9-1-08-43 CPR 3
Location	Ewa	Ewa	Ewa	Ewa
Land Area (Sq.Ft.)	3,554	4,526	7,200	4,567
Zoning	R-3.5	R-5	R-5	R-5
Transaction Date		01-Nov-06	09-Mar-06	17-Mar-06
Instrument/Cash Equivalency		Deed/Cash	Deed/Cash	Deed/Cash
Indicated Fee Simple Value		\$220,000	\$340,000	\$270,000
Unit Value Per Square Foot		\$48.61	\$47.22	\$59.12
Terms of Sale		1.00	1.00	1.00
Adjusted Unit Value		\$48.61	\$47.22	\$59.12
Market Conditions Adjustment		1.00	1.00	1.00
Adjusted Unit Value		\$48.61	\$47.22	\$59.12
Adjustments (%)				
Location		%0	%0	%0
Street Frontage/Access		%0	%0	%0
Zoning/CPR		%0	%0	%0
Physical Characteristics		10%	0%	%0
Net Adjustments (%)		10%	%0	%0
Adjusted Unit Value		\$53.47	\$47.22	\$59.12
Size Adjustment		1.08	1.26	1.08
Size Adjusted Unit Value		\$57.75	\$59.50	\$63.85
Weighting Factor		0.30	0.30	0.40
Wighted Unit Value		\$17.32	\$17.85	\$25.54
	Range of Values	\$57.75 to \$63.85 per sq.ft.		
	Mean Unit Value	\$60.37 per square foot		
	Weighted Unit Value	\$60.71 per square foot		
	Concluded Unit Value	\$60.70 per square foot		
	Indicated Site Value	\$60.70 per sq.ft. x 3,554 sq.ft. =	\$215,728	

compensate for various comparative factors including economic and financing conditions (terms of sale), market conditions (price appreciation or depreciation over time), location, street frontage and access characteristics, zoning/condominium property regime differences and physical characteristics in order to yield a fee simple unit land value indication for the subject benchmark lot. A final adjustment for size differential was applied.

Terms of Sale -- Each sale was first analyzed as to economic and financing conditions (conditions of sale) to reflect the impact of non-institutional methods of financing or the advent of low financing costs due to favorable exchange rates and foreign financing. Down payment, interest rates and loan terms were considered in the cash equivalency analysis. All transactions were considered to be cash equivalent thus no adjustments were considered necessary.

Market Conditions — As summarized in the previous section of this report, residential prices in the area as well as throughout most of the rest of the island have recovered due to favorable interest rates and a healthy economy. Although the residential market in the area continues to be active, published reports indicate that there has been a growing inventory of residential properties on the market throughout the island from about the end of 2005. Reported median prices continue to remain stable. Due to the recent nature of the selected transactions, no adjustments for market conditions were considered necessary.

<u>Location</u> — The location adjustment category takes into consideration aspects relating to each property's proximity to surrounding urban areas and major transportation routes and the resulting degree to which the associated relationship between potential land users and their markets are either enhanced or diminished. All transactions were considered to be similar to the subject in terms of locational characteristics being in the neighboring Ewa area thus no adjustments were warranted.

Street Frontage and Access -- This adjustment considers the quantity and quality of street frontage, which could add value to the property through better exposure, use and flexibility. Transaction Number 1 represents the sale of a residential lot that is situated toward the rear of a residential site and that is accessed by way of a paved access from Makule Street. Transaction Numbers 2 and 3 represent residential lots that actually front up to the adjacent street frontage. Based on conversations with the listing agent involved with the sale of the lot, the sales price for Transaction Number 1 was more affected by the relatively narrow and irregular shape of the lot than by any access or frontage differences. The unadjusted unit value indications of the selected transactions do not appear to indicate any conclusive differential between street frontage and non-street frontage residential lots. No measurable difference was ascertained between street

frontage and non-street frontage residential lots for the area. As such, no adjustments were warranted for any street frontage and access characteristics differences.

Zoning/CPR -- The zoning/condominium property regime adjustment considered any potential value differences between the R-5 and R-3.5 Residential Districts as well as any potential value differences due to the lots subdivided by way of the condominium property regime. All three comparable transactions represent lots that are zoned R-5, Residential District in comparison to the R-3.5, Residential District zoning of the As summarized in the Property Data and subject benchmark lot. Description section of this report, the primary difference between the zoning classifications is in the subdivision development standards. Properties zoned R-3.5 include a minimum lot size of 3,500 square feet for one-family detached dwellings, 7,000 square feet for two-family detached dwellings and 3,500 square feet for duplexes. Properties zoned R-5 include a minimum lot size of 5,000 square feet for one-family detached dwellings, 7,500 square feet for two-family detached dwellings and 3,750 square feet for duplexes. Potential differences exists for sites which have not been subdivided in terms of densities and which may be reflected in differences in values however, for subdivided residential lots, any value differences may be more a reflection of size than the underlying zoning, thus no adjustments were warranted. Transaction Numbers 1 and 3 represent vacant lots that were subdivided by way of the condominium property regime. unadjusted unit values would tend to indicate that no measurable difference in value exists between subdivided lot and condominium lot sales for the area. In each situation, the intent of the buyers at the time of purchase was to construct a single-family residence on the lot.

Physical Characteristics — The physical characteristics adjustment considered the shape, topography and utility factors of the comparables in terms of development potential as compared to the subject. Transaction Number 1 represents a narrow irregular shaped lot. Transaction Number 1 was considered to be inferior to the subject in terms of physical characteristics and was awarded an upward adjustment of ten percent. Transaction Numbers 2 and 3 represent parcels which were considered to be similar to the subject in terms of physical characteristics being generally level rectangular shaped house lots like the subject, thus no further adjustments were considered necessary.

<u>Size Adjustment</u> -- A size adjustment was applied next to compensate for the rule-of-thumb that larger parcels usually tend to reflect lower unit prices per square foot while smaller parcels usually reflect higher unit prices per square foot. We have employed the Dilmore size adjustment tables in determining size adjustment factors for the various comparable transactions.

Conclusion -- The adjusted unit values ranged from \$57.75 to \$63.85 per square foot with a mean unit land value of \$60.37 per square foot. Awarding weighting factors to the comparable transactions based on the comparability of each transaction to the subject benchmark lot with the most weight awarded to Transaction Number 3 resulted in a weighted unit value of \$60.71 per square foot. Based on this analysis, we have concluded at a fee simple unit value of \$60.70 per square foot. On the basis of the foregoing analysis, it is our opinion that the rounded market value of the unencumbered fee simple interest of the subject benchmark lot was \$220,000 based on \$60.70 per square foot on 3,554 square feet as shown in Table 8.

Total Gross Retail Market Value of the subject Village 4 and 5 Parcels — The estimated individual market values for the 36 Village 4 parcels and 31 Village 5 Parcels are presented in Table 9. The individual lots were valued according to various comparative analyses with the subject benchmark lot. Based on direct comparison, the individual lot values were adjusted, as necessary, to compensate for any differences relating to lot location and size. All other lot features between the various lots and the benchmark lot were considered to be similar.

Frontage — The lot frontage adjustment considered any potential preference differences between the lots fronting along the adjoining street and those that do not front on the adjoining street. The benchmark lot represents a street frontage lot. As indicated in the previous section of this report, the unadjusted unit value indications of the selected comparable residential lot transactions do not appear to indicate any conclusive differential between street frontage and non-street frontage residential lots. In addition, based on conversations with the listing agent involved with the sale of one of the lots indicated that the sales price was more affected by the physical characteristics of the lot than by any access or frontage differences. No measurable difference was ascertained between street frontage and non-street frontage residential lots for the area. As such, no adjustments were warranted for any frontage characteristics differences between the various individual lots and the subject benchmark lot.

<u>Size Adjustment</u> — A size adjustment was applied next to compensate for the varying differences in sizes between the individual lots and the subject benchmark lot. For purposes of this analysis, we have utilized a \$60.00 per square foot unit value multiplied by the difference in the area between the individual lots and the subject benchmark lot. This unit value was based on the concluded unit value from the preceding section of this report. The concluded unit value was felt to truly reflect the additional utility in any difference in area between the individual lots and the subject benchmark lot.

<u>Conclusions</u> -- Based on the sales comparison approach, the estimated individual market values for the 36 Village 4 parcels and 31 Village 5

parcels are presented in Table 9. On the basis of the foregoing analysis, it is our opinion that the rounded gross retail market value of the unencumbered fee simple interest of the 36 subject Village 4 parcels, analyzed as if purchased on an individual basis by multiple buyers, total \$6,960,000 as shown in Table 9. It is our opinion that the rounded gross retail market value of the unencumbered fee simple interest of the 31 subject Village 5 parcels, analyzed as if purchased on an individual basis by multiple buyers, total \$6,820,000 as shown in Table 9.

5. Estimated Net Present Value to a Single Buyer/Owner

The net present value of the 36 Village 4 parcels and 31 Village 5 parcels to a single buyer, or owner, on a bulk sale basis is estimated by way of a net present value analysis in the form of a discounted cash flow model. As requested by the client, separate net present value analysis were performed for the Village 4 parcels and 5 parcels. Our discounted cash flow model forecasts the successful marketing of the remaining subject lots over a period of time based on the average recent historical sales absorption analysis of comparable projects in the area.

Due to the fact the vast majority of new residential sales for the entire Ewa through Kapolei area consists of developer house and lot packages, very few vacant residential lot sales were found in our research. As such we have expanded our research to include the rest of the Island of Oahu. Our research disclosed that no significant residential land subdivision sales has occurred on the Island of Oahu during the past two years from which to derive supportable residential lot absorption numbers. Due to the lack of sufficient recent residential lot subdivision sales, we have analyzed recent new improved single-family subdivision sales in the area. For purposes of this analysis, we have concentrated our research to actual subdivided single-family sales and excluded single-family residential sales as well as townhouse sales by way of the condominium property regime which appears to be prevalent in the Ewa area. Although this analysis involves a different product, it gives an indication of the current market absorption of new residential subdivision sales.

The Ke'Alohi Kai subdivision located within the Ocean Pointe Development by Haseko in Ewa includes a total of 116 new single-family residences. Closings for this subdivision commenced in the first week of December 2005. As of the beginning of December 2006, a total of 112 house and lot packages within this subdivision had been sold. This equates to an absorption rate of approximately nine single-family residences per month during the approximately twelve month period.

An analysis of two smaller residential subdivisions closer in size to the remaining subject Village 4 and Village 5 parcels includes two single-

BENCHMARK ADJUSTMENT SCHEDULE Villages of Kapolei - Vacant Residential Parcels

Ewa, Oahu, Hawaii

		Land Area					Rounded
	T M 1/	Acres/	Benchmark	Adjust		Total	Value
ulius;	Tax Map Key	Sq.Ft.	Value	Frontage	Size	Adjustments	Conclusion
	Village 4 Parcels						
4	9-1-79-01	2,768	\$220,000	\$0	(\$47,200)	(\$47,200)	\$170,000
5	9-1-79-02	3,221	220,000	0	(20,000)	(20,000)	200,000
6	9-1-79-03	2,331	220,000	0	(73,400)	(73,400)	150,000
7	9-1-79-04	2,955	220,000	0	(35,900)	(35,900)	180,000
8	9-1-79-05 (1)	3,554	220,000	0	0	0	220,000
9	9-1-79-06	2,823	220,000	0	(43,900)	(43,900)	180,000
10	9-1-79-07	3,561	220,000	0	400	400	220,000
11	9-1-79-08	2,645	220,000	0	(54,500)	(54,500)	170,000
12	9-1-79-09	3,219	220,000	0	(20,100)	(20,100)	200,000
13	9-1-79-10	3,209	220,000	0	(20,700)	(20,700)	200,000
14	9-1-79-11	2,748	220,000	0	(48,400)	(48,400)	170,000
15	9-1-79-12	3,561	220,000	0	400	400	220,000
16	9-1-79-13	2,645	220,000	0	(54,500)	(54,500)	170,000
17	9-1-79-14	4,080	220,000	0	31,600	31,600	250,000
18	9-1-79-15	4,532	220,000	0	58,700	58,700	280,000
19	9-1-79-16	3,306	220,000	0	(14,900)	(14,900)	210,000
20	9-1-79-17	3,306	220,000	0	(14,900)	(14,900)	210,000
21	9-1-79-18	3,072	220,000	0	(28,900)	(28,900)	190,000
22	9-1-79-19	2,331	220,000	0	(73,400)	(73,400)	150,000
23	9-1-79-20	3,242	220,000	0	(18,700)	(18,700)	200,000
24	9-1-79-21	2,840	220,000	0	(42,800)	(42,800)	180,000
25	9-1-79-22	3,209	220,000	0	(20,700)	(20,700)	200,000
26	9-1-79-23	2,955	220,000	0	(35,900)	(35,900)	180,000
27	9-1-79-24	2,331	220,000	0	(73,400)	(73,400)	150,000
28	9-1-79-25	3,242	220,000	0	(18,700)	(18,700)	200,000
29	9-1-79-26	2,823	220,000	0	(43,900)	(43,900)	180,000
30	9-1-79-27	3,213	220,000	0	(20,500)	(20,500)	200,000
31	9-1-79-28	3,931	220,000	0	22,600	22,600	240,000
32	9-1-79-29	2,637	220,000	0	(55,000)	(55,000)	170,000
33	9-1-79-30	2,331	220,000	0	(73,400)	(73,400)	150,000
34	9-1-79-31	2,331	220,000	0	(73,400)	(73,400)	150,000
35	9-1-79-32	2,331	220,000	0	(73,400)	(73,400)	150,000
36	9-1-79-33	2,537	220,000	0	(61,000)	(61,000)	160,000
37	9-1-79-34	3,752	220,000	0	11,900	11,900	230,000
38	9-1-79-35	4,851	220,000	0	77,800	77,800	300,000
39	9-1-79-54	2,939	220,000	0	(36,900)	(36,900)	180,000
						Total	\$6,960,000

BENCHMARK ADJUSTMENT SCHEDULE Villages of Kapolei - Vacant Residential Parcels Ewa, Oahu, Hawaii

		Land Area	Benchmark	Adingt	onts	Total	Rounded Value	
	Tax Map Key	Sq.Ft.	Value	Adjustr Frontage	Size	Adjustments	Conclusion	
	Village 5 Parcels	S						
40	9-1-92-37	3,438	\$220,000	\$0	(\$7,000)	(\$7,000)	\$210,000	
41	9-1-92-38	3,745	220,000	0	11,500	11,500	230,000	
42	9-1-92-39	3,138	220,000	0	(25,000)	(25,000)	200,000	
43	9-1-92-40	3,728	220,000	0	10,400	10,400	230,000	
44	9-1-92-41	3,375	220,000	0	(10,700)	(10,700)	210,000	
45	9-1-92-42	3,812	220,000	0	15,500	15,500	240,000	
46	9-1-92-43	3,822	220,000	0	16,100	16,100	240,000	
47	9-1-92-44	3,121	220,000	0	(26,000)	(26,000)	190,000	
48	9-1-92-45	3,614	220,000	0	3,600	3,600	220,000	
49	9-1-92-46	3,056	220,000	0	(29,900)	(29,900)	190,000	
50	9-1-92-47	3,055	220,000	0	(29,900)	(29,900)	190,000	
51	9-1-92-48	3,606	220,000	0	3,100	3,100	220,000	
52	9-1-92-49	3,141	220,000	0	(24,800)	(24,800)	200,000	
53	9-1-92-50	3,978	220,000	0	25,400	25,400	250,000	
54	9-1-92-51	3,906	220,000	0	21,100	21,100	240,000	
55	9-1-92-52	3,499	220,000	0	(3,300)	(3,300)	220,000	
56	9-1-92-53	3,890	220,000	0	20,200	20,200	240,000	
57	9-1-92-54	3,139	220,000	0	(24,900)	(24,900)	200,000	
58	9-1-92-55	3,873	220,000	0	19,100	19,100	240,000	
59	9-1-92-56	3,436	220,000	0	(7,100)	(7,100)	210,000	
60	9-1-92-57	3,499	220,000	0	(3,300)	(3,300)	220,000	
61	9-1-92-58	3,890	220,000	0	20,200	20,200	240,000	
62	9-1-92-59	3,139	220,000	0	(24,900)	(24,900)	200,000	
63	9-1-92-60	3,873	220,000	0	19,100	19,100	240,000	
64	9-1-92-61	3,436	220,000	0	(7,100)	(7,100)	210,000	
65	9-1-92-62	3,094	220,000	0	(27,600)	(27,600)	190,000	
66	9-1-92-63	3,765	220,000	0	12,700	12,700	230,000	
67	9-1-92-64	3,123	220,000	0	(25,900)	(25,900)	190,000	
68	9-1-92-65	4,585	220,000	0	61,900	61,900	280,000	
69	9-1-92-66	4,419	220,000	0	51,900	51,900	270,000	
70	9-1-92-104	2,843	220,000	0	(42,700)	(42,700)	180,000	
					. , ,	Total	\$6,820,000	

Source: Hastings, Conboy, Braig & Associates, Ltd., February 2007.

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family residential subdivisions located within the Mililani Mauka area of Central Oahu.

A recently completed subdivision within Mililani Mauka by Castle & Cooke consisting of a total of 36 new single-family residences indicated a sell out of the project between March 2006 and September 2006. This equates to an absorption rate of approximately six single-family residences per month during the approximately six month period.

Similarly, another on going subdivision within Mililani Mauka will contain a total of 58 new single-family residences. Closings for this subdivision commenced toward the end of September 2006. As of the end of December 2006, a total of 21 house and lot packages within this subdivision had been sold. This equates to an absorption rate of approximately seven single-family residences per month during the approximately three month period. The demonstrated current sales absorption rates of the various projects is summarized below.

	Sales Ab	sorption
Project Phase	Units Sold	Per Month
Ke'Alohi Kai	112	9.3
Mililani Mauka	36	6.0
Mililani Mauka	21	7.0

The demonstrated current average absorption rates range from 6.0 single-family residences per month to 9.3 single-family residences per month.

Additional research was conducted of vacant residential zoned land sales based on sales data compiled by the Honolulu Board of Realtors Multiple Listing Service. Statistical research disclosed a total of 71 vacant residential zoned land sales throughout the entire Island of Oahu during 2006. For purposes of this analysis, only those parcels containing a land area of under 20,000 square feet was included. This equates to an average of 5.9 residential zoned vacant lands sales per month for 2006 for the entire island. Within Tax Map Key Zone 9 which includes the area from Makakilo through Ewa Beach, Waipahu, Royal Kunia, Waimalu Gentry, and Waimalu through Aiea, there were a total of only seven vacant residential zoned land sales occurring in 2006 which supports our research conclusions summarized earlier within this report that very few vacant residential land sales were found in our research in the area of the subject properties.

Market Implications and Outlook for the Subject Property -- The market outlook for the subject Village 4 and Village 5 parcels is one of mixed possibilities. On the positive side, the subject properties are considered to be within a very desirable location for future residential development within the Kapolei area of the Ewa District. The subject properties are well-positioned

within a geographic area of established as well as expanding residential communities near the City of Kapolei. There is a relative lack of competitive vacant residential land available in the area. Currently there is a total of one vacant residential lot listing in the area of the subject property in Ewa Beach within the Multiple Listing Service. Four other vacant residential lot listings were found within the neighboring Makakilo area however, these listings represent significantly larger residential lots within a quality gated community which feature ocean and Diamond Head views. As such these residential lots were not considered to be competitive with the subject properties. In addition, due to the fact that the area of the subject properties represents a relatively newer residential growth area, the opportunity for redevelopment of existing residences is also somewhat limited.

Another positive factor is that there has been a significant upward trend in residential home prices during the past several years although such upward trends has since somewhat stabilized during the past year. Interest rates which have a direct impact on the residential market appears to have stabilized with no significant movement anticipated for the near term.

On the negative side, there is a level of concern regarding the potential depth of demand in the local marketplace and the prospects for future market absorption of the subject's vacant lots. Due to the fact that the vast majority of new residential sales for the entire Ewa through Kapolei area consists of developer house and lot packages, very few vacant residential lot sales were found in our research. This may be due to the preference of a finished single-family product versus vacant residential lots on which to construct a new residence. This may be particularly true where there is a concentration of vacant lots available which could result in inconsistent development patterns in terms of quality and appeal unless deed restrictions enforce certain development standards. Vacant residential lot sales throughout the remainder of the island, either by way of small subdivision, residential lot resale or residential lot redevelopment of older residences, currently provides an opportunity for those seeking to build their own single-family residence.

With respect to the subject Village 4 and Village 5 Parcels, concerns regarding the market conditions for vacant residential lots are somewhat mitigated by the fact that the overall quantity of the subject properties which total 36 lots for Village 4 and 31 lots for the Village 5, is comparatively modest. In terms of potential sales absorption for the subject properties, a forecast of six residential lots per month was considered reasonable and supportable within the marketplace for the Village 4 parcels and the Village 5 parcels. This forecast takes into consideration that the Village 4 parcels and the Village 5 parcels have the potential to be marketed simultaneously. Other options include the possibility of a developer offering house and lot packages. If priced

competitively, it does not appear unreasonable to assume that the market will be able to absorb the 36 Village 4 parcels within a total time frame of six months. Similarly, if priced competitively, it does not appear unreasonable to assume that the market will be able to absorb the 31 Village 5 parcels within a total time frame of five months.

In estimating absorption of the subject Village 4 and Village 5 parcels at the sale prices estimated in the previous section of this report, we make certain assumptions as follows:

- -- That a strong marketing and promotional effort aimed at the appropriate market segment be carried out.
- -- That the state of the economy will continue to grow and interest rates will not drastically change over the next year.
- -- That the units will be marketed with financing at least equivalent to or better than financing offered for competitive properties.

Net Present Value Analysis — The gross sales revenue within the cash flow model consists entirely of forecasted residential lot sales. As shown in Table 10, the estimated average lot price of \$193,333 per lot for the subject Village 4 parcels was derived from our previous sales comparison analysis and value conclusions previously summarized in Table 9. The average lot price is forecast to remain constant throughout the six month absorption period. Table 11 reflects an estimated average lot price of \$220,000 per lot for the subject Village 5 parcels also derived from our previous value conclusions summarized in Table 9. The average lot price is also forecast to remain constant throughout the five month absorption period for the subject Village 5 parcels.

Estimated marketing and holding costs associated with the forecasted sellout of the subject Village 4 and Village 5 parcels include provisions for real estate sales commissions based on six percent of the gross sales revenue, typical average closing costs paid by the developer estimated at \$500 per lot sold, additional advertising and promotional expenses based on one and onehalf percent of gross sales revenue, general office and administrative costs based on one percent of gross sales revenue and real property taxes based on the average of the current 2007 assessed values for the subject Village 4 and Village 5 parcels as previously summarized in Table 2 and the 2006/2007 real property tax rates per \$1,000 of assessed values which would be due to any developer other than a State of Hawaii or City and County of Honolulu agency. This rate in real property taxes was applied to the unsold inventory for each month.

Deducting the estimated marketing and holding costs from the forecasted gross sales revenue results in an anticipated periodic future net sales revenue

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Table 10

NET PRESENT VALUE ANALYSIS OF THE REMAINING VACANT PARCELS (1) Villages of Kapolei - Village 4 Parcels

Ewa, Oahu, Hawaii

	Month	Month	Month	Month	Month	Month	- T
	STO O	2		Thomas and the second	Site	40	ROT
Village 4 Parcels							
Number of Lots Sold Per Month	9	9	9	9	9	9	36
Cumulative Number of Units Sold	9	12	18	24	30	36	
Remaining Number of Unsold Units	30	24	18	12	9	0	
Average Lot Price (2)	\$193,333	\$193,333	\$193,333	\$193,333	\$193,333	\$193,333	
Gross Sales Revenue	\$1,160,000	\$1,160,000	\$1,160,000	\$1,160,000	\$1,160,000	\$1,160,000	\$6,960,000
Less Expenses:							
Sales Commissions (3)	\$69,600	\$69,600	\$69,600	\$69,600	\$69,600	\$69,600	\$417,600
Closing Costs (4)	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Advertising and Promotion (5)	17,400	17,400	17,400	17,400	17,400	17,400	104,400
Office and Administration (6)	11,600	11,600	11,600	11,600	11,600	11,600	009,69
Real Property Taxes (7)	3,000	2,400	1,800	1,200	009	OI	9,000
Total Expenses	\$104,600	\$104,000	\$103,400	\$102,800	\$102,200	\$101,600	\$618,600
Net Sales Revenue	\$1,055,400	\$1,056,000	\$1,056,600	\$1,057,200	\$1,057,800	\$1,058,400	\$6,341,400
Present Value Factor (8)	0.98361	0.96748	0.95162	0.93602	0.92068	0.90558	
Net Present Value	\$1,038,100	\$1,021,660	\$1,005,480	\$989,560	\$973,890	\$958,470	\$5,987,160
						ROUNDED	\$5,990,000

(1) As of January 31, 2007.

The average lot price was held constant throughout the entire forecasted sales absorption period.

(3) Sales commissions are estimated at six percent of the gross sales revenue for each month.

(4) Loan fees and closing costs are estimated at an average \$500 per unit sold for each month.

(5) Advertising and promotional expenses are estimated at one and one-half percent of the gross sales revenue for each month.

(6) Office and administration expenses are estimated at one percent of the gross sales revenue for each month.

(7) Estimated real property taxes are based on the average 2007 assessed values for the Village 4 parcels

times the current 2006/2007 tax rate of \$3.59 per \$1,000 of assessed value equating to approximately \$100 per month for each remaining lot. (8) Present value factors are based on an annual discount rate of twenty percent calculated in periodic monthly intervals.

Source: Hastings, Conboy, Braig & Associates, Ltd., February 2007

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	Month	Month Two	Month	Month	Month	Total
Village 5 Parcels						
Number of Lots Sold Per Month	9	9	9	9	7	31
Cumulative Number of Units Sold	9	12	18	24	31	
Remaining Number of Unsold Units	25	19	13	7	0	
Average Lot Price (2)	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	
Gross Sales Revenue Less Expenses:	\$1,320,000	\$1,320,000	\$1,320,000	\$1,320,000	\$1,540,000	\$6,820,000
Sales Commissions (3)	\$79,200	\$79,200	\$79,200	\$79,200	\$92,400	\$409,200
Closing Costs (4)	3,000	3,000	3,000	3,000	3,500	15,500
Advertising and Promotion (5)	19,800	19,800	19,800	19,800	23,100	102,300
Office and Administration (6)	13,200	13,200	13,200	13,200	15,400	68,200
Real Property Taxes (7)	2,250	1,710	1,170	<u>630</u>	0	5.760
Total Expenses	\$117,450	\$116,910	\$116,370	\$115,830	\$134,400	\$600,960
Net Sales Revenue	\$1,202,550	\$1,203,090	\$1,203,630	\$1,204,170	\$1,405,600	\$6,219,040
Present Value Factor (8)	0.98361	0.96748	0.95162	0.93602	0.92068	
Net Present Value	\$1,182,840	\$1,163,970	\$1,145,400	\$1,127,130	\$1,294,100	\$5,913,440
	4				Rounded	\$5,910,000

Table 11

(1) As of February 1, 2007.

The average lot price was held constant throughout the entire forecasted sales absorption period.

(3) Sales commissions are estimated at six percent of the gross sales revenue for each month.

(4) Loan fees and closing costs are estimated at an average \$500 per unit sold for each month.

(5) Advertising and promotional expenses are estimated at one and one-half percent of the gross sales revenue for each month.

(6) Office and administration expenses are estimated at one percent of the gross sales revenue for each month. (7) Estimated real property taxes are based on the average 2007 assessed values for the Village 5 parcels

times the current 2006/2007 tax rate of \$3.59 per \$1,000 of assessed value equating to approximately \$90 per month for each remaining lot.

(8) Present value factors are based on an annual discount rate of twenty percent calculated in periodic monthly intervals.

or net income stream. This future net income stream is then converted to a corresponding net present value estimate by utilizing an appropriate discount rate. The discount rate, or internal rate of return requirement, represents a composite measurement of the perceived opportunity cost and degree of risk associated with the specific investment concept under analysis. For this appraisal, an annual discount rate based on a twenty percent internal rate of return was considered reasonable and appropriate. This selected discount rate is within the range of recent results of the Korpacz Real Estate Investor Survey (Fourth Quarter 2006) which indicated annual, internal rate of return requirements (IRR's) associated with the national development land market ranging from 12.0 to 25.0 percent with an average of 18.15 percent, inclusive of developer's profit.

Therefore, based on the discounted cash flow projection as shown in Table 10, it is our opinion that the net present value of the 36 subject Village 4 parcels, analyzed as if purchased on a bulk sales basis by a single buyer, was \$5,990,000. Based on the discounted cash flow projection as shown in Table 11, it is our opinion that the net present value of the 31 subject Village 5 parcels, analyzed as if purchased on a bulk sales basis by a single buyer, was \$5,910,000.

C. Ground Rent Determination

A survey undertaken of major land owners in Hawaii as well as property managers of major trusts disclosed that the majority of ground lease rents in the State of Hawaii are typically negotiated based on fee simple land values consistent with the underlying zoning and highest and best use of the site multiplied by the prevailing market rate of return or contract rate. These rates generally range between 1.0 to 2.0 percent per annum for agricultural uses and up to 4.0 percent for residential uses. Representatives with the Department of Land and Natural Resources indicated that a rate of return of up to 3.0 percent of the underlying land value for agricultural lands is sometimes utilized in rent renegotiations particularly in situations where the property contains a single-family residence and no serious farming activity is taking place on the land. A rate of return of 2.0 percent is sometimes utilized for non-profit organizations. Rates for industrial and commercial properties, including mixed-use properties, generally range between 6.0 to 8.0 percent per annum. The rates at the lower end of the range typically reflect contract rates contained in older leases. The majority of newer lease rents for industrial and commercial properties are based on a rate of return of 8.0 percent per annum. Similarly, rates of return for resort hotel properties have been found to be within the range of 6.0 to 8.75 percent with most of the newer reopenings based on rates ranging from 7.0 to 8.75 percent. The rate of return on the land value may be adjusted for various reasons on a case by case basis depending on the financial situation of the organization and the ability to pay such determined rent.

Based on our research and interviews, it is our opinion that an appropriate annual market rate of return on land for the subject Northwest Corner Parcel and the

Village Center Parcels is eight percent (8.0%) of its unencumbered fee simple land value. The market value of the initial minimum annual rent applicable to the subject properties is equal to the unencumbered fee simple land value of the property multiplied by the annual market rate of return on fee simple land value.

Ground Rent Conclusion - Northwest Corner Parcel, TMK 9-1-16-35 -- We concluded at an unencumbered fee simple land value of \$34,320,000 for the subject Northwest Corner Parcel based on \$29.60 per square foot on 1,159,437 square feet as shown in Table 3. Based on our market survey, the annual market rate of return on the fee simple land value is determined to be 8.0 percent. Therefore, it is our opinion that the minimum annual ground rent applicable to the subject Northwest Corner Parcel was \$2,745,600 (\$34,320,000 x 0.08) which equates to \$228,800 per month.

Ground Rent Conclusion - Village Center Parcels, TMK 9-1-16-37 to 39 -- We concluded at an unencumbered fee simple land value of \$15,470,000 for the subject Village Center Parcels based on \$23.10 per square foot on 669,779 square feet as shown in Table 5. Based on our market survey, the annual market rate of return on the fee simple land value is determined to be 8.0 percent. Therefore, it is our opinion that the minimum annual ground rent applicable to the subject Village Center Parcels was \$1,237,600 (\$15,470,000 x 0.08) which equates to \$103,133 per month.

Based on prevailing market conditions for leasehold land in the State of Hawaii, it is our opinion that the concluded minimum annual rent for the subject properties should remain constant during an initial, effective period of ten years.

D. <u>Value Conclusions</u>

Table 12 summarizes our market value conclusions of the unencumbered fee simple interest of the subject Northwest Corner Parcel, Village Center Parcels and Day Care Parcel situated within the Villages of Kapolei, minimum annual ground rent conclusions for the Northwest Corner Parcel and the Village Center Parcels, and gross retail market value and net present value to a single buyer of the Village 4 parcels and Village 5 parcels.

Table 12 (Page 1)

VALUE CONCLUSIONS Villages of Kapolei - Vacant Parcels <u>Ewa, Oahu, Hawaii</u>

		Land Area		TT		
		Acres/		Highest and	Interest	Value
	Tax Map Key	Sq.Ft.	Zoning	Best Use	Appraised	Conclusion
	Northwest Corner Pa 9-1-16-35	26.617	BMX-3	Commercial	Ego Cimala	\$3 <i>4</i> 220 000
	7-1-10-33	26.617 1,159,437	DIVIA-3	Commercial Mixed-Use	Fee Simple	\$34,320,000
		1,137,437	M:_:-	Mixed-Use num Annual Ground I	Pant Canalysian	\$2,745,600
	Village Center Parcel	le	IVA IFILI	amii annu si Groun a I	aent Concidsion	φ 4 , / 43,000
	9-1-16-37 to 39	15.376	AMX-1	Apartment	Fee Simple	\$15,470,000
•) I 10 5/ W 5/	669,779	THATAE I	Mixed-Use	1 00 ompio	Ψ±2917 09000
		002,112	Mini	num Annual Ground l	Rent Conclusion	\$1,237,600
	Day Care Parcel					,,
,	9-1-16-58	0.673	R-5	Residential	Fee Simple	\$540,000
		29,315			•	
	Village 4 Parcels					
	9-1-79-01	2,768	R-3.5	Residential	Fee Simple	\$170,000
	9-1-79-02	3,221	R-3.5	Residential	Fee Simple	200,000
	9-1-79-03	2,331	R-3.5	Residential	Fee Simple	150,000
	9-1-79-04	2,955	R-3.5	Residential	Fee Simple	180,000
	9-1-79-05	3,554	R-3.5	Residential	Fee Simple	220,000
	9-1-79-06	2,823	R-3.5	Residential	Fee Simple	180,000
)	9-1-79-07	3,561	R-3.5	Residential	Fee Simple	220,000
l	9-1-79-08	2,645	R-3.5	Residential	Fee Simple	170,000
2	9-1-79-09	3,219	R-3.5	Residential	Fee Simple	200,000
3	9-1-79-10	3,209	R-3.5	Residential	Fee Simple	200,000
1	9-1-79-11	2,748	R-3.5	Residential	Fee Simple	170,000
5	9-1-79-12	3,561	R-3.5	Residential	Fee Simple	220,000
5	9-1-79-13	2,645	R-3.5	Residential	Fee Simple	170,000
7	9-1-79-14	4,080	R-3.5	Residential	Fee Simple	250,000
3	9-1-79-15	4,532	R-3.5	Residential	Fee Simple	280,000
)	9-1-79-16	3,306	R-3.5	Residential	Fee Simple	210,000
)	9-1-79-17	3,306	R-3.5	Residential	Fee Simple	210,000
l	9-1-79-18	3,072	R-3.5	Residential	Fee Simple	190,000
2	9-1-79-19	2,331	R-3.5	Residential	Fee Simple	150,000
3	9-1-79-20	3,242	R-3.5	Residential	Fee Simple	200,000
	9-1-79-21	2,840	R-3.5	Residential	Fee Simple	180,000
5	9-1-79-22	3,209	R-3.5	Residential	Fee Simple	200,000
<u>.</u>	9-1-79-23	2,955	R-3.5	Residential	Fee Simple	180,000
!	9-1-79-24	2,331	R-3.5	Residential	Fee Simple	150,000
3	9-1-79-25	3,242	R-3.5	Residential	Fee Simple	200,000
)	9-1-79-26	2,823	R-3.5	Residential	Fee Simple	180,000
)	9-1-79-27	3,213	R-3.5	Residential	Fee Simple	200,000
	9-1-79-28	3,931	R-3.5	Residential	Fee Simple	240,000
?	9-1-79-29	2,637	R-3.5	Residential	Fee Simple	170,000
}	9-1-79-30	2,331	R-3.5	Residential	Fee Simple	150,000
	9-1-79-31	2,331	R-3.5	Residential	Fee Simple	150,000
5	9-1-79-32	2,331	R-3.5	Residential	Fee Simple	150,000
, •	9-1-79-33	2,537	R-3.5	Residential	Fee Simple	160,000
7	9-1-79-34	3,752	R-3.5	Residential	Fee Simple	230,000
3	9-1-79-35	4,851	R-3.5	Residential	Fee Simple	300,000
)	9-1-79-54	2,939	R-3.5	Residential	Fee Simple	180,000
					il Market Value	\$6,960,000
				Net Present Value To	A Single Buyer	\$5,990,000

VALUE CONCLUSIONS Villages of Kapolei - Vacant Parcels <u>Ewa, Oahu, Hawaii</u>

	Tax Map Key	Land Area Sq.Ft.	Zoning	Highest and Best Use	Interest Appraised	Value Conclusion
	Village 5 Parcels					
40	9-1-92-37	3,438	R-5	Residential	Fee Simple	\$210,000
41	9-1-92-38	3,745	R-5	Residential	Fee Simple	230,000
42	9-1-92-39	3,138	R-5	Residential	Fee Simple	200,000
43	9-1-92-40	3,728	R-5	Residential	Fee Simple	230,000
44	9-1-92-41	3,375	R-5	Residential	Fee Simple	210,000
45	9-1-92-42	3,812	R-5	Residential	Fee Simple	240,000
46	9-1-92-43	3,822	R-5	Residential	Fee Simple	240,000
47	9-1-92-44	3,121	R-5	Residential	Fee Simple	190,000
48	9-1-92-45	3,614	R-5	Residential	Fee Simple	220,000
49	9-1-92-46	3,056	R-5	Residential	Fee Simple	190,000
50	9-1-92-47	3,055	R-5	Residential	Fee Simple	190,000
51	9-1-92-48	3,606	R-5	Residential	Fee Simple	220,000
52	9-1-92-49	3,141	R-5	Residential	Fee Simple	200,000
53	9-1-92-50	3,978	R-5	Residential	Fee Simple	250,000
54	9-1-92-51	3,906	R-5	Residential	Fee Simple	240,000
55	9-1-92-52	3,499	R-5	Residential	Fee Simple	220,000
56	9-1-92-53	3,890	R-5	Residential	Fee Simple	240,000
57	9-1-92-54	3,139	R-5	Residential	Fee Simple	200,000
58	9-1-92-55	3,873	R-5	Residential	Fee Simple	240,000
59	9-1-92-56	3,436	R-5	Residential	Fee Simple	210,000
60	9-1-92-57	3,499	R-5	Residential	Fee Simple	220,000
61	9-1-92-58	3,890	R-5	Residential	Fee Simple	240,000
62	9-1-92-59	3,139	R-5	Residential	Fee Simple	200,000
63	9-1-92-60	3,873	R-5	Residential	Fee Simple	240,000
64	9-1-92-61	3,436	R-5	Residential	Fee Simple	210,000
65	9-1-92-62	3,094	R-5	Residential	Fee Simple	190,000
66	9-1-92-63	3,765	R-5	Residential	Fee Simple	230,000
67	9-1-92-64	3,123	R-5	Residential	Fee Simple	190,000
68	9-1-92-65	4,585	R-5	Residential	Fee Simple	280,000
69	9-1-92-66	4,419	R-5	Residential	Fee Simple	270,000
70	9-1-92-104	2,843	R-5	Residential	Fee Simple	180,000
				Gross Retai	il Market Value	\$6,820,000
			N	Net Present Value To	A Single Buyer	\$5,910,000

IV. CERTIFICATION

The undersigned hereby certify that, to the best of their knowledge and belief:

- -- The statements of fact contained in this report are true and correct.
- -- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraisers' personal, impartial and unbiased professional analyses, opinions, and conclusions.
- The appraisers have no present or prospective interest in the properties that are the subject of this report, and has no personal interest with respect to the parties involved.
- The appraisers have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- Engagement in this assignment was not contingent upon developing or reporting predetermined results.
- -- Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report was prepared, in conformance with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- -- Alan J. Conboy and Don H. Konno have conducted a personal inspection of the subject properties as part of this assignment.
- -- No one provided significant real property appraisal assistance to the persons signing this certification.
- -- As of the date of this report Alan J. Conboy, MAI, SRA and Don H. Konno, MAI have completed the requirements of the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

February 28, 2007

Alan J. Conboy, MAI, SRA

State Certified General Appraiser CGA-185 Certificate Expires: December 31, 2007

of the Kann

Don H. Konno, MAI

State Certified General Appraiser CGA-344 Certificate Expires: December 31, 2007

/7214

EXHIBIT I MARKET DATA LAND TRANSACTIONS

MARKET DATA COMMERCIAL LAND TRANSACTIONS

Transaction Number 1

First Division,

Tax Map Key

9-1-88, Parcel 12 (Portion)

9-1-16, Parcel 122 (Portion)

Address/Location

Manawai Street and Kamahaha Avenue (Proposed Extension)

Ewa, Oahu, Hawaii

Land Area

3.079 acres (134,121 square feet)

Zoning

B-2, Commercial Business District

Grantor

Kapolei Property Development LLC

Grantee

Kapolei 60 LLC

Instrument/Date

Deed recorded on December 5, 2006 in Land Court Document

Number 3522663.

Sale Price

\$6,700,000

Unit Price

\$49.95 per square foot

Comments

Cash equivalent transaction to the seller for a rectangular shaped generally level vacant parcel located immediately southeast of the Kapolei State Library. The parcel is in the process of being

subdivided.

Confirmation

A representative of Kapolei Property Development LLC

First Division,

Tax Map Key 9-1-118, Parcel 08

Address/Location Kamokila Boulevard

Ewa, Oahu, Hawaii

Land Area 11.921 acres (519,279 square feet)

Zoning B-2, Commercial Business District

Grantor Kapolei Property Development LLC

Grantee Kapolei Investment Group LLC

Instrument/Date Deed dated October 16, 2006 and recorded on October 16, 2006 in

Land Court Document Number 3498730.

Sale Price \$11,424,133

Unit Price \$22.00 per square foot

Comments Cash equivalent transaction to the seller for an irregular shaped

generally level vacant parcel. The property has been registered as a three lot CPR project. The buyer intends to utilize one lot containing approximately 1.824 acres to develop a self storage facility and has placed the remaining two lots containing approximately 10.097 acres back on the market with no list price to let the market dictate the

sales price.

Confirmation A representative of Kapolei Property Development LLC

First Division,

Tax Map Key

9-1-16, Parcel 30

Address/Location

Farrington Highway Ewa, Oahu, Hawaii

Land Area

13.781 acres (600,300 square feet)

Zoning

B-2, Commercial Business District

Grantor

Kapolei Property Development LLC

Grantee

La Kapolei III LLC

Instrument/Date

Deed dated September 22, 2006 and recorded on September 22, 2006

in Land Court Document Number 3486020.

Sale Price

\$15,000,000

Unit Price

\$24.99 per square foot

Comments

Cash equivalent transaction to the seller for an irregular shaped generally level to slightly sloping vacant parcel bounded by Farrington Highway and the H-1 Freeway located across of Farrington Highway from the Hawaiian Waters Adventure Park.

Confirmation

A representative of Kapolei Property Development LLC

First Division,

Tax Map Key 9-1-88, Parcel 12 (Portion)

Address/Location Haumea Street

Ewa, Oahu, Hawaii

Land Area 3.030 acres (131,987 square feet)

Zoning B-2, Commercial Business District

Grantor Kapolei Property Development LLC

Grantee Goodwill Industries of Hawaii Inc.

Instrument/Date Deed dated July 14, 2006 and recorded on July 14, 2006 in Land

Court Document Number 3452989.

Sale Price \$2,777,211

Unit Price \$21.04 per square foot

Comments Cash equivalent transaction to the seller for an irregular shaped

generally level vacant site accessed by Haumea Street. The parcel is

in the process of being subdivided.

Confirmation A representative of Kapolei Property Development LLC

EXHIBIT II MARKET DATA APARTMENT LAND TRANSACTIONS

MARKET DATA APARTMENT LAND TRANSACTIONS

Transaction Number 1

First Division,

Tax Map Key

9-1-56, Parcel 13

Address/Location

Ali'inui Drive

Ewa, Oahu, Hawaii

Land Area

11.223 acres (488,874 square feet)

Zoning

A-1, Low Density Apartment District

Grantor

Ko Olina Development LLC and Honolulu Ltd.

Grantee

Centex Homes

Instrument/Date

Deed dated December 8, 2004 and recorded on December 8, 2004 in

Land Court Document Number 3203232.

Sale Price

\$12,413,620

Unit Price

\$25.39 per square foot

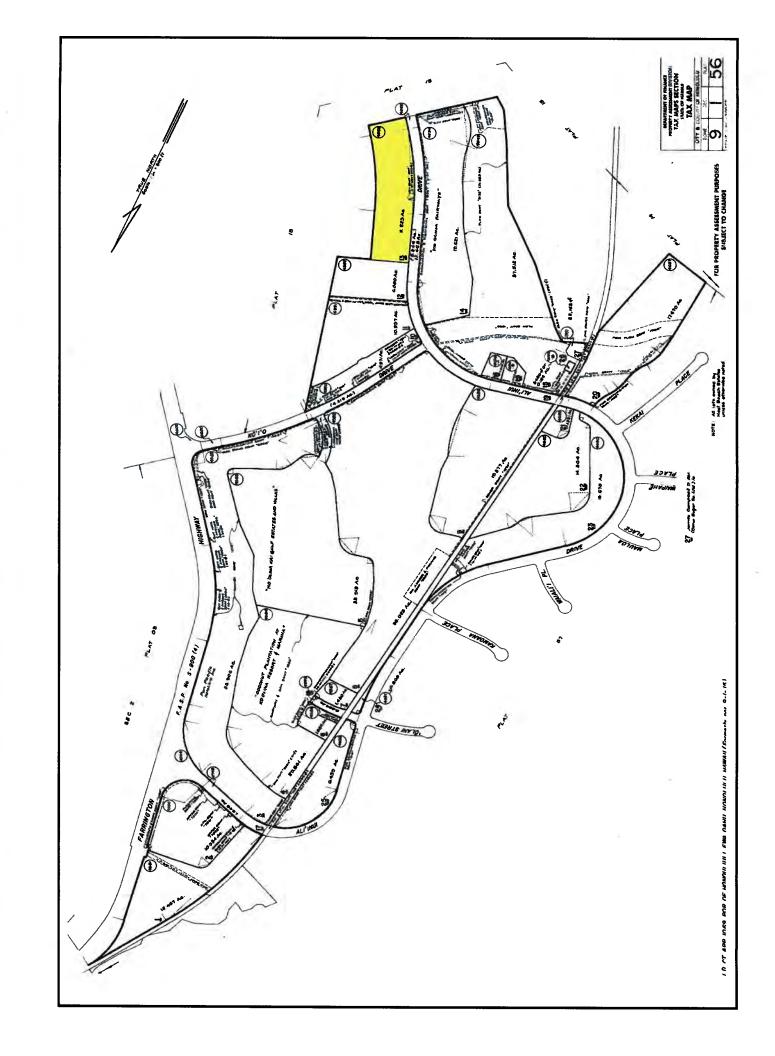
Comments

Cash equivalent transaction to the seller for a roughly rectangular shaped vacant parcel fronting Ali'Inui Drive within the in Ko Olina Resort. The buyer is developing the Ko Olina Hillside Villas

townhouse project on the property.

Confirmation

A representative of Ko Olina Development LLC



First Division,

Tax Map Key 9-1-56, Parcel 05

Address/Location

Ko'i'o Drive

Ewa, Oahu, Hawaii

Land Area

33.913 acres (1,477,250 square feet)

Zoning

A-1, Low Density Apartment District

Grantor

Ko Olina Development LLC and Honolulu Ltd.

Grantee

Centex Homes

Instrument/Date

Deed dated October 16, 2003 and recorded on October 16, 2003 in

Land Court Document Number 3011316.

Sale Price

\$30,000,000

Unit Price

\$20.31 per square foot

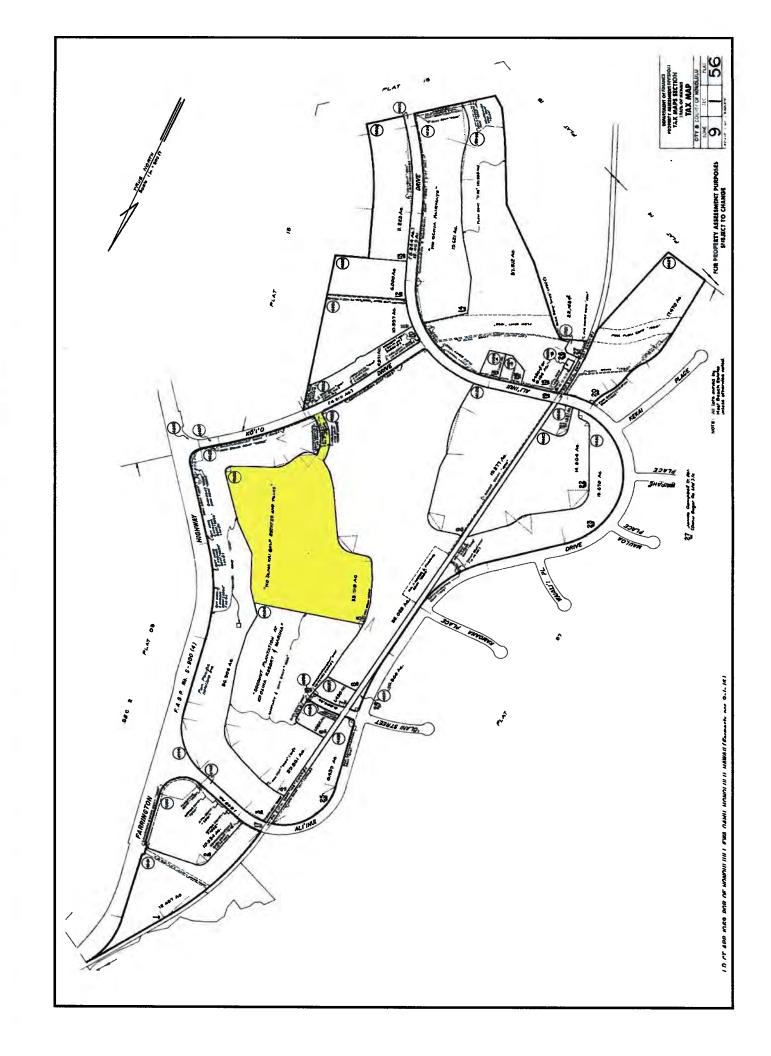
Comments

Cash equivalent transaction to the seller for an irregular shaped vacant parcel accessed from Ko'i'o Drive which extends from Farrington Highway within the in Ko Olina Resort. The buyer is developing the Ko Olina Kai Golf Estates and Villas townhouse project on the property. The seller has retained a participating share of a percentage interest in the project upon completion. The

percentage interest was not disclosed.

Confirmation

A representative of Ko Olina Development LLC



First Division,

Tax Map Key

9-1-56, Parcel 02

Address/Location

Farrington Highway and Ali'inui Drive

Ewa, Oahu, Hawaii

Land Area

10.934 acres (476,285 square feet)

Zoning

A-1, Low Density Apartment District

Grantor

One Keahole Partners

Grantee

Armstrong Kai Lani Corporation

Instrument/Date

Deed dated May 1, 2001 and recorded on May 4, 2001 in Land Court

Document Number 2702635.

Sale Price

\$9,000,000

Unit Price

\$18.90 per square foot

Comments

Cash equivalent transaction to the seller for an irregular shaped vacant parcel situated at the intersection of Farrington Highway and Ali'inui Drive within the in Ko Olina Resort. A & B Properties Inc. is a partner with Armstrong. The buyers are developing the Kai Lani

townhouse project on the property.

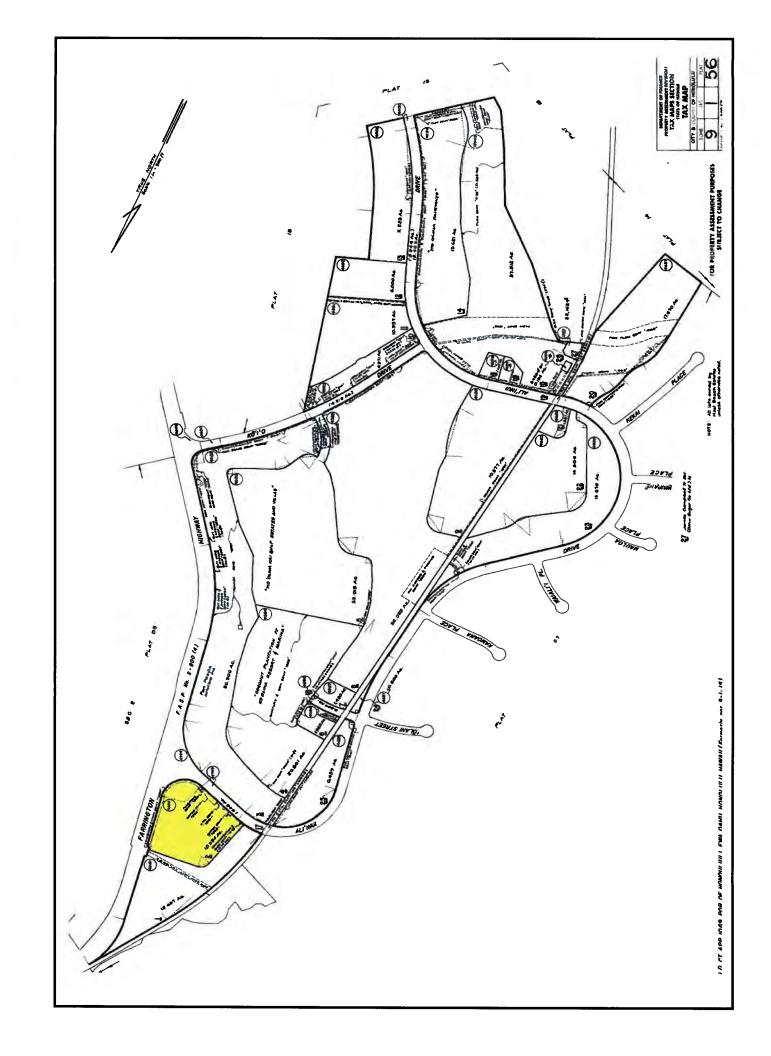


EXHIBIT III MARKET DATA RESIDENTIAL SITE TRANSACTIONS

MARKET DATA RESIDENTIAL SITE TRANSACTIONS

Transaction Number 1

First Division,

Tax Map Key

9-1-112, Parcel 206

Address/Location

91-245 Wahane Place

Ewa, Oahu, Hawaii

Land Area

102,584 square feet (2.355 Acres)

Zoning

R-5, Residential District

Grantor

MJWSS Development LLC

Grantee

Kapolei Vistas LLC

Instrument/Date

Deed dated July 27, 2005 and recorded on July 29, 2005 in Land

Court Document Number 3305532.

Sale Price

\$650,000

Unit Price

\$6.34 per square foot

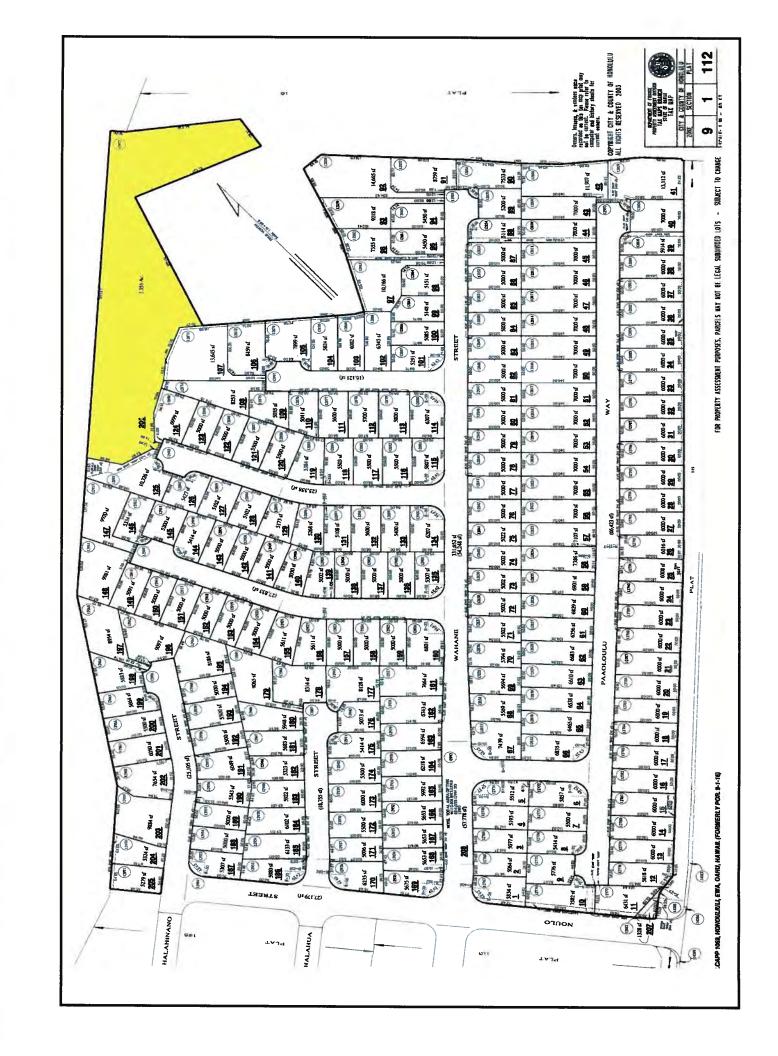
Comments

Cash equivalent transaction to the seller for a very irregular shaped vacant residential parcel that is accessed from Wahane Place. The property is situated at the end of a cul-de-sac and is level along Wahane Place then slopes upward towards the freeway which extends along the northwest boundary. The property then levels off towards the top. The buyers plan to develop a 13 unit cluster

development on the property.

Confirmation

Mr. Guy K. Tamashiro of West Oahu Realty, Inc., the buyer's agent.



First Division,

Tax Map Key 9-1-37, Parcel 146

Address/Location 91-1010 North Road

Ewa, Oahu, Hawaii

Land Area 218,358 square feet (5.013 Acres)

Zoning R-5, Residential District

Grantor ELC CO LLC

Grantee Kauilani Ewa LLC

Instrument/Date Deed dated June 2, 2005 and recorded on June 28, 2005 in Land

Court Document Number 3287824.

Sale Price \$1,500,000

Unit Price \$6.87 per square foot

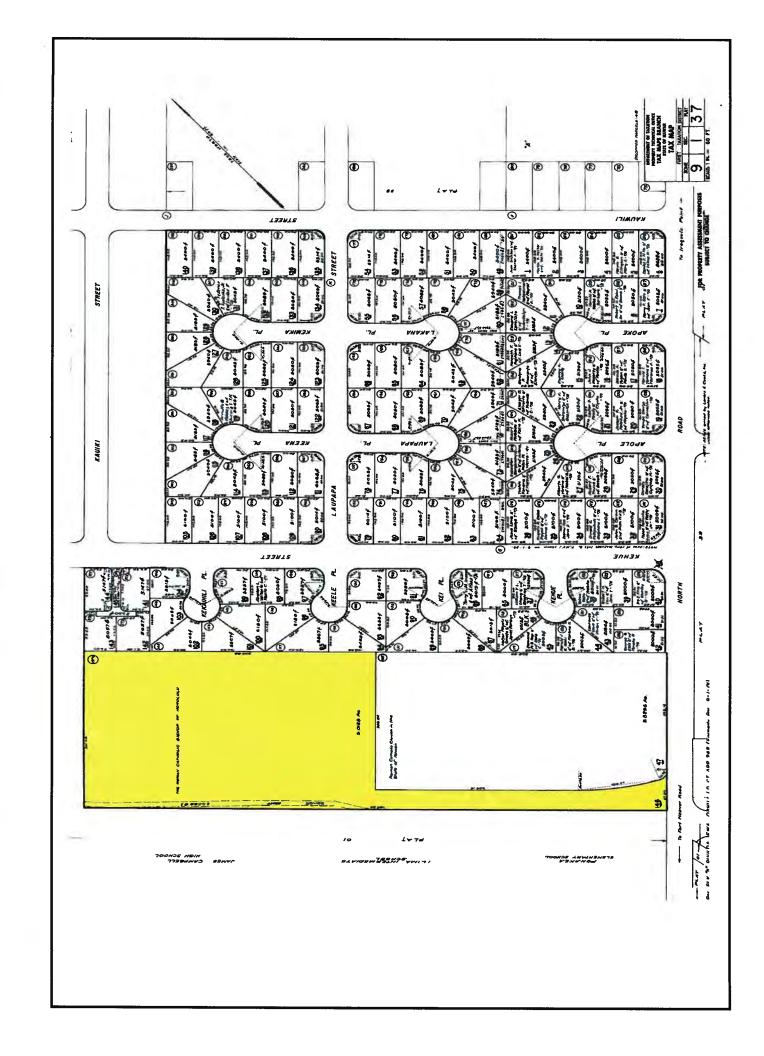
Comments Cash equivalent transaction to the seller for a rectangular shaped

generally level vacant residential flaglot parcel that is accessed from North Road. The buyer has subdivided the property into a 29 lot gated community called Kauilani Ewa and is currently marketing

house and lot packages in the \$569,000 price range.

Confirmation Mr. Herwin C. Hung of Properties of the Pacific, one of the agents

currently marketing Kauilani Ewa.



First Division,

Tax Map Key 9-1-08, Parcel 43

Address/Location 91-733 Makule Road

Ewa, Oahu, Hawaii

Land Area 20,506 square feet

Zoning R-5, Residential District

Grantor The Spiritual Assembly of the Bahai's of Ewa

Grantee Bella Hawaii Enterprises LLC

Instrument/Date Deed dated January 12, 2005 and recorded on January 14, 2005 in

Land Court Document Number 3217775.

Sale Price \$440,000

Unit Price \$21.46 per square foot

Comments Cash equivalent transaction to the seller for a roughly rectangular

shaped level vacant residential parcel situated along Makule Road. The buyer developed a four lot CPR project on the site. Two homes

have already been constructed on the site.

Confirmation Mr. Victor Brandt of Kahala Associates, the listing agent.

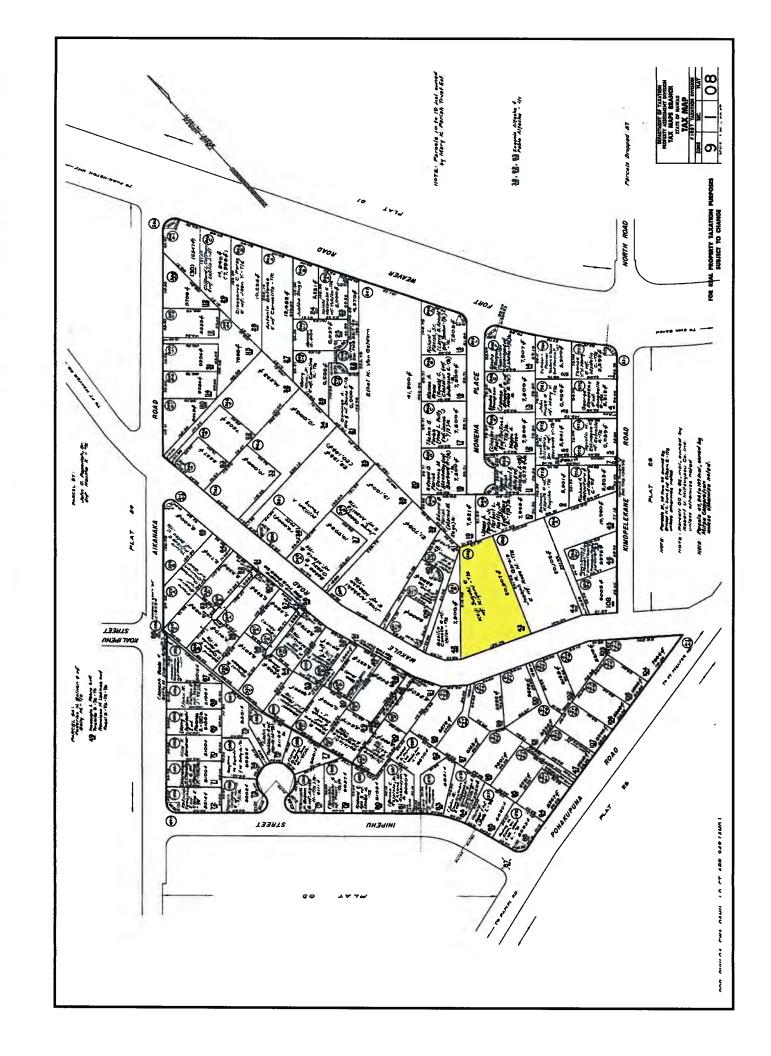


EXHIBIT IV MARKET DATA RESIDENTIAL LOT TRANSACTIONS

MARKET DATA RESIDENTIAL LOT TRANSACTIONS

Transaction Number 1

First Division,

Tax Map Key 9-1-08, Parcel 43 CPR 4

Address/Location 91-733 D Makule Road

Ewa, Oahu, Hawaii

Land Area 4,526 square feet

Zoning R-5, Residential District

Grantor Bella Hawaii Enterprises LLC

Grantee Ik Tae Kim

Instrument/Date Deed dated November 1, 2006 and recorded on November 9, 2006 in

Land Court Document Number 3511623.

Sale Price \$220,000

Unit Price \$48.61 per square foot

Comments Cash equivalent transaction to the seller for a relatively narrow

irregular shaped level vacant residential site situated off Makule Road. Access is by way of a paved driveway from Makule Road. Part of a four lot CPR project. The sale included four sheets of house plans however, not much value was placed on the plans which would need to be revised before permits would be allowed. The buyers

intend to build a residence on the site.

Confirmation Mr. Victor Brandt of Kahala Associates, the listing agent.

First Division,

Tax Map Key 9-1-0

9-1-02, Parcel 159

Address/Location

91-1030 Fort Weaver Road

Ewa, Oahu, Hawaii

Land Area

7,200 square feet

Zoning

R-5, Residential District

Grantor

Darrell G. Pennington, Edwina L. Pennington, Aaron H. Pennington

and Michael J. Sands

Grantee

Joel K.K. and Dawn I. Alverio

Instrument/Date

Deed dated March 9, 2006 and recorded on March 14, 2006 in Land

Court Document Number 3403411.

Sale Price

\$340,000

Unit Price

\$47.22 per square foot

Comments

Cash transaction to the seller for a rectangular shaped level vacant residential lot situated along Fort Weaver Road. The buyers have constructed a five bedroom and three bath residence on the property

which is currently listed for sale for \$716,000.

Confirmation

Mr. Albert Joy of Hawaii R.E. Professionals, the listing agent.

First Division,

Tax Map Key 9-1-08, Parcel 43 CPR 3

Address/Location 91-733 C Makule Road

Ewa, Oahu, Hawaii

Land Area 4,567 square feet

Zoning R-5, Residential District

Grantor Bella Hawaii Enterprises LLC

Grantee Wendell V. and Arlene M. Guieb

Instrument/Date Deed dated March 17, 2006 and recorded on March 24, 2006 in Land

Court Document Number 3408479.

Sale Price \$270,000

Unit Price \$59.12 per square foot

Comments Cash equivalent transaction to the seller for a regular shaped level

vacant residential site situated along Makule Road. Part of a four lot CPR project. The sale included four sheets of house plans however, the buyers were not interested in the plans and constructed their own

residence on the property.

Confirmation Mr. Victor Brandt of Kahala Associates, the listing agent.

HASTINGS, CONBOY, BRAIG & ASSOCIATES. LTD.

Real Estate Appraisers, Counselors and Economists

Pacific Guardian Center • 737 Bishop Street • Mauka Tower, Suite 1420 • Honolulu, Hawaii 96813 • Telephone (808) 524-1700

GENERAL

Hastings, Conboy, Braig & Associates, Ltd. (HCBA) is one of the largest real estate counseling firms headquartered in the State of Hawaii. The firm has a staff of professional real estate counselors, appraisers, economists and market analysts, and investment analysts. Its staff has extensive experience analyzing and appraising South and West Pacific real estate; three members hold designations from the American Institute of Real Estate Appraisers (MAI) and from the Society of Real Estate Appraisers (SRPA). Associated companies offer development management, real estate brokerage, and investment services.

The firm assists clients with solutions to real estate problems. Its purpose is to provide sound and objective analysis directed toward reducing the financial risks inherent in the real estate decision-making process. This is accomplished by the application of intensive research and analysis to interpreting the dynamics influencing real estate markets and real estate investments, and the subsequent identification of opportunities and courses of action which can be profitably employed.

In executing its assignments, HCBA utilizes the broad experience of its highly qualified staff to identify specific problem areas associated with client programs and to structure and implement effective solutions.

Hastings, Conboy, Braig & Associates, Ltd. maintains an extensive technical library of books, monographs, journals and special statistical compilations in the fields of land use, recreation, investment analysis, urban planning and development. Surveys of market conditions for a variety of land use are maintained in our library and updated constantly. In conjunction with being headquartered in Hawaii, these library resources allow HCBA to closely monitor local real estate developments and activity. On an annual basis, HCBA receives the operating statistics from approximately 60 office buildings, and 26 shopping centers, which are compiled into the Hawaii version of the BOMA, and ICSC annual exchange reports.

Our clients include builders and developers, financial institutions and advisors, corporations, private individuals, estates, and governmental agencies at all levels.

PROFESSIONAL SERVICES

Problem solving is a major function of HCBA. Although specific services and approaches to problems differ from case to case, they may be generally described by the following basic types of studies. Study results can be evaluated utilizing the computerized analysis program to determine financial feasibility and to calculate measurements of project performance.

Real Estate Investment Counseling — Determination and evaluation of effective real estate investment strategies including project selection, analysis of highest and best use, and determination of optimum development strategy based upon an iterative process of conceptualizing and evaluating alternative development schemes.

Market Value Appraisal — Valuations for mortgage loans, investment counseling, lease negotiations, condemnation, assessment appeal and policy decisions. Appraisals extend to a variety of properties, including income properties, existing and proposed resort and residential developments, industrial properties, high-rise office buildings and condominiums, hotels and apartments, sugar plantations and large vacant acreage ownerships.

Negotiation/**Arbitration**— Counseling on space and ground lease rents for original negotiation or reporting and availability as arbitors when agreement between principals cannot be reached.

Special Valuation Assignments — Estimates of value diminution or enhancement caused by public policy decisions, analysis and quantification of cost-benefit effects, future value projections, portfolio reviews, corporate planning and disposition strategy studies, and analysis and valuation of air rights, easements and water rights.

Resort and Recreation Projects — Application of travel, recreation and leisure trends to determination of demand for transient and recreation

accommodations and services, including determination of sources of patronage and consumer preferences, in addition to marketing strategies for sale of recreation properties.

Housing Marketing Studies — Analysis of housing marketing conditions, determination of consumer housing preferences, and identification of housing market opportunity areas; including analysis of single family and multiple family projects regarding pricing, sizing and marketing strategies.

Retail Analysis — Determination of market area sales potential and penetration estimates for specific sites based upon locational attributes and relationship to competitive facilities, including on-site analysis to coordinate functional uses to facilitate merchandising space and maximizing overall return.

Office Space Analysis — Measurement of office space supply including tenancy, vacancy, rental patterns; evaluation of demand factors leading to forecasts of office space demand for whole communities, specific subareas, and individual sites; and translation of supply and demand factors into prospects for particular projects.

Industrial Studies — Analysis of local labor markets and economic conditions to determine industrial space requirements, including site analysis to evaluate competitive positions within the market structure.

PROFESSIONAL QUALIFICATIONS OF ALAN J. CONBOY, MAI, SRA

BUSINESS BACKGROUND

Executive Vice President and Treasurer, Hastings, Conboy, Braig & Associates, Ltd., Honolulu, Hawaii

Executive Vice President, Pacific Area Realty, Honolulu, Hawaii

Former Staff Appraiser and Secretary, Hambleton and Associates, Honolulu, Hawaii

Former Independent Fee Appraiser

Qualified Expert Witness, U.S. Federal Bankruptcy Court, Federal District Court, U.S. Circuit Court of Hawaii and Commonwealth Trial Court, Commonwealth of the Northern Marianas

EDUCATION

B.S. (Marine Engineering) U.S. Naval Academy 1961

Various valuation, evaluation and real estate courses sponsored by the former American Institute of Real Estate Appraisers, former Society of Real Estate Appraisers, Appraisal Institute, and other real estate oriented organizations.

PROFESSIONAL MEMBERSHIPS

Appraisal Institute; MAI (General) and SRA (Residential) Designations

LICENSING AND CERTIFICATION

State of Hawaii - Certified General Appraiser (CGA-185) - Expiration date December 31, 2007.

COMMUNITY ACTIVITIES

Kailua Chamber of Commerce (Director 1974-1975) Kailua Jaycees (President 1974-1975) Jaycees International (Senator)

ASSOCIATION MEMBERSHIPS

President, Hawaii Chapter Appraisal Institute 2004 Regional Chair, Appraisal Institute 1997 National Director of Appraisal Institute 1991-1997
Past Governor of former Society of Real Estate Appraisers

Chairman, International Relations Committee 1991 of the Appraisal Institute

Member of Building Owners and Managers Association, Honolulu, Hawaii (Director 1984-1986, Chairman Hawaii Experience Exchange Committee; Member International; Market Conditions Section, Management Informations System Section, and Experience Exchange Report Section)

TERRITORY COVERED

Hawaii, California, Tahiti, Guam, Commonwealth of the Northern Marianas

TYPICAL CLIENTS

Financial institutions, including numerous state and national banks and savings and loans; government agencies, district and federal courts; national and local industrial firms, mortgage bankers; builders and developers; investors and investment groups; and other professional organizations such as CPA firms, attorneys, insurance companies, realtors and syndicators.

SELECTED CLIENTS

Alfred Shaheen; C. Brewer, Ltd.; Prudential Life Insurance; Safeway Stores; Bowery Savings Bank; Kaiser Aetna; Cabot, Cabot and Forbes; Citi-Bank, N.A.; First Hawaiian Development; Crown Properties Corp.; First Hawaiian Bank; Honolulu Federal Savings and Loan; Victoria Ward Estates; Equitable Life Assurance; RockResorts, Inc.; Amfac Financial; Holiday Inn; Boise Cascade; National Mortgage and Finance Company; R.H. Grant; Bank of California; Grosvenor International; Hemmeter Investment Company; Dillingham Land; Bank of Hawaii; Lewers and Cooke; Pacific Holiday, Inc.; Westin; Brooks Harvey; Chase Manhattan Bank; Mellon National Bank; Security Pacific Mortgage; Union Oil; Bishop Estate; Bishop Trust; James Campbell Estate; InterIsland and Resorts; Castle and Cooke; U.S. Fish and Wildlife; Counties of Kauai and Honolulu.

Office Buildings

Airport Center; Davies Pacific Center; Kawaihao Plaza; Wremco; Sperry Univac; Ward Square; Marine Finance; American Security Bank; 1164 Bishop Center, 1500 Kapiolani; One Kapiolani; Honolulu Medical; Ala Moana Building; HMC; Amfac Center, James Campbell; Bishop Trust; Kotake; Pioneer Plaza; City Bank; Hawaiian Insurance; Pan Pacific Plaza; Gold Bond; Ward Center.

Industrial Properties

Waiau Warehouse; Mapunapuna Warehouse; Campbell Industrial Village; Shafter Flats Warehouse; Kona Industrial Warehouse; Certified Grocers Warehouse; Sand Island Warehouse; 214 Sand Island; PMF Warehouse; 231 Sand Island; 2829 Kilihau Street; Central Industrial Park; Frito Lay; 324 Kamani Street; Kapalama Industrial; Aloha Business Center Industrial; Bougainville Industrial Park, 220 Puuhale Road; 94-076 Leokane Street Industrial; Kalihi Industrial; Amelco Properties (Hawaii, Guarn; San Francisco and Los Angeles); Rainbow Foods Warehouse.

PROFESSIONAL QUALIFICATIONS OF DON H. KONNO, MAI

BUSINESS BACKGROUND

Vice President, Hastings, Conboy, Braig & Associates, Ltd. (1984 to Present)

EDUCATION

B.B.A. (Real Estate) 1979 University of Hawaii (Manoa) Real estate studies include credit for the following:

Appraisal Institute:

Course SPP - Standards of Professional Practice

Examination 1A-1 - Real Estate Appraisal Principles

Examination 1A-2 - Basic Valuation Procedures

Course 1B-A - Capitalization Theory and Techniques, Part A Course 1B-B - Capitalization Theory and Techniques, Part B Examination 2-1 - Case Studies in Real Estate Valuation Course 2-2 - Valuation Analysis and Report Writing

PROFESSIONAL MEMBERSHIPS

Member, Appraisal Institute, MAI Designation

PROFESSIONAL LICENSING

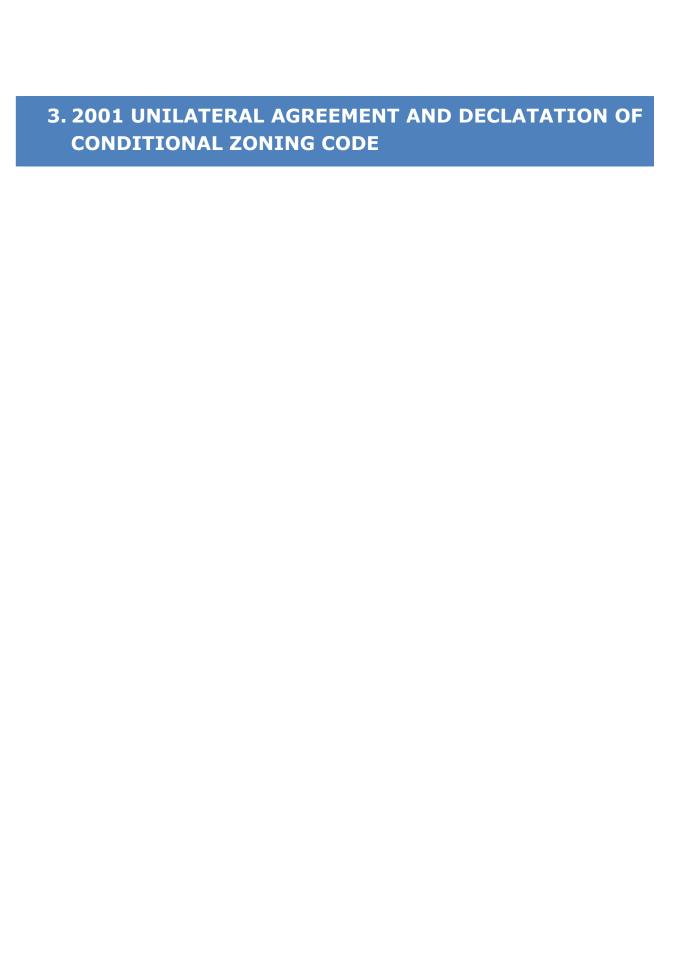
Certified General Appraiser, State of Hawaii Certificate Expires December 31, 2007.

CONTINUING EDUCATION

Completed the requirements of the continuing education program of the Appraisal Institute and the State of Hawaii Real Estate Appraisers recertification program.

PROFESSIONAL EXPERIENCE

Extensive experience in counseling and appraising assignments for mortgage loans, lease negotiations, condemnation, assessment appeal, portfolio reviews, corporate planning, marketing, disposition and decision making purposes. Appraisals extend to a variety of existing and proposed properties including commercial properties, residential developments, industrial properties, shopping centers, high-rise office buildings and condominiums, apartments, golf courses, resort hotels and large vacant acreage ownerships.





BILL 85 (2000), CD1

A BILL FOR AN ORDINANCE

TO REZONE LANDS SITUATED AT KAPOLEI, EWA, OAHU, HAWAII (AMENDING A PORTION OF ZONING MAP NO. 12, EWA BEACH-IROQUOIS POINT, ORDINANCE NO. 86-114, AND A PORTION OF ZONING MAP NO. 13, MAKAKILO, ORDINANCE NO. 86-115).

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Council Findings and Purpose.

The Council finds as follows:

- A. Act 337, Session Laws of Hawaii 1987, created the Housing Finance and Development Corporation ("HFDC") to address the serious shortage of safe and sanitary affordable housing units in the State.
- B. Act 15, Session Laws of Hawaii 1988, imposed a five-year moratorium on certain provisions of Chapter 201E, Hawaii Revised Statutes, which were in conflict with the provisions of Act 15, and granted temporary enhanced authority to the HFDC to develop affordable housing projects which were exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of units thereon.
- C. The Villages of Kapolei project was initiated by the HFDC under Act 15, bypassing, among other things, planning, zoning, and subdivision regulations of the City and County of Honolulu (the "City").
- D. The Villages of Kapolei project is located to the east of the City of Kapolei in Ewa on approximately 888 acres of land, described as all parcels with Tax Map Key plats 9-1-59, -60, -68, -71, -72, -77 to -81, -84, -91, -92, -98, -99, -104, and -105, and certain parcels with Tax Map Key plat 9-1-16.
- E. Pursuant to Act 350, Session Laws of Hawaii 1997, the Housing and Community Development Corporation of Hawaii ("HCDCH") is the successor in interest to the HFDC.



ORDINANCE __01 - 07

BILL _____85 (2000), CD1

F. The Villages of Kapolei project consists of developed areas previously developed by the HCDCH or its predecessor, the HFDC, and undeveloped areas which the HCDCH intends to develop.

- G. The land encompassing the Villages of Kapolei project is currently zoned AG-1 Restricted Agricultural District under the City's Land Use Ordinance, which is inconsistent with existing and planned uses for the land.
- H. It is necessary to change the current AG-1 Restricted Agricultural District zoning for the Villages of Kapolei project in order to implement the long-range vision for this area as expressed in the Ewa Development Plan.
- I. A zoning map amendment will resolve the inconsistencies between the actual and planned uses versus the current permitted uses under the existing zoning for the land encompassing the Villages of Kapolei project.

Accordingly, the purpose of this ordinance is to rezone certain lands encompassing the Villages of Kapolei project in order to resolve the inconsistencies between the actual and planned uses versus the current permitted uses under the existing zoning for those lands.

SECTION 2. Land situated at Kapolei, Ewa, Oahu, Hawaii, hereinafter described, is hereby rezoned from AG-1 Restricted Agricultural District to R-3.5 Residential District, R-5 Residential District, A-1 Low Density Apartment District, A-2 Medium Density Apartment District with a height limit of 40 feet, AMX-1 Apartment Mixed Use District, B-1 Neighborhood Business District, BMX-3 Business Mixed Use District with a 60-foot height limit, and P-2 General Preservation District. The boundaries and said areas of said R-3.5, R-5, A-1, A-2 (with a 40-foot height limit), AMX-1, B-1, BMX-3 (with a 60-foot height limit), and P-2 districts shall be described as shown on the map attached hereto, marked Exhibit "A" and made a part hereof, and further identified as all parcels with Tax Map Key plats 9-1-59, -60, -68, -71, -72, -77 to -81, -84, -91, -92, -98, -99, -104 and -105, and certain parcels with Tax Map Key plat 9-1-16.



CITY COUNCIL

CITY AND COUNTY OF HONOLULU HONOLULU, HAWAII BILL _____85 (2000), CD1

SECTION 3. Structures existing on the land subject to this ordinance on the effective date of this ordinance, and which were built in accordance with the plans or with the approval of the Housing Finance and Development Corporation or the Housing and Community Development Corporation of Hawaii, shall be considered conforming. Any subsequent additions, total reconstruction, change in use, or movement of structures shall comply with City development standards and requirements then in force.

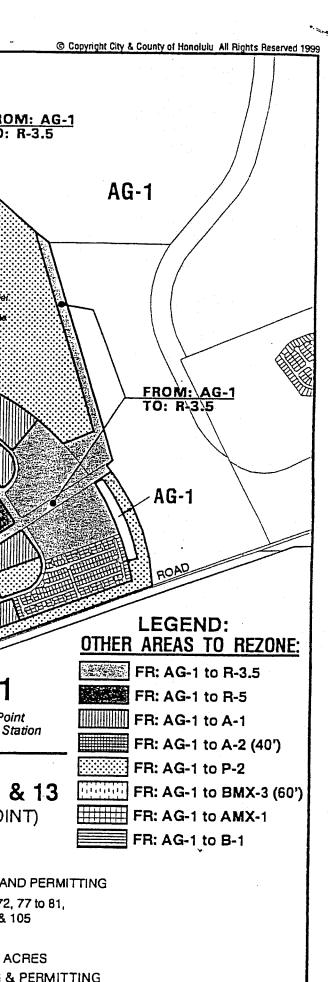
SECTION 4. Unilateral Agreements executed by various affected landowners, marked as Exhibits "B-1," "B-2," and "B-3," and attached hereto, are by reference incorporated herein and made a part hereof.



ORDINANCE	_0_1	<u> </u>	07

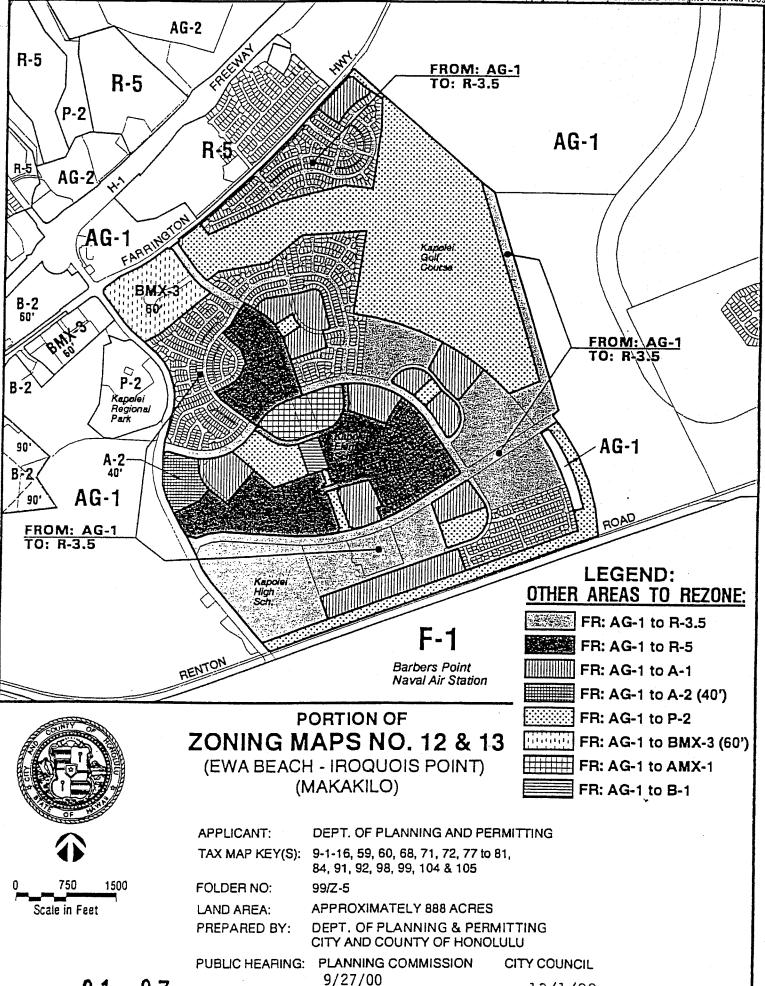
BILL 85 (2000), CD1

SECTION approval.	5. This	ordinance	shall take ef	fect upon	its
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Honolulu, Haw			Counc	cilmembers	
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City and Cour	· / / -	nolulu			



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OFFICE OF THE

The of the day of the thet descriptions was

recorded as follows.

DATE NO. 2688010

DATE SOOPM

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL () PICKUP (X) TO:

Villages of Kapolei Association 91-1111 Kama'aha Loop Kapolei, Hawaii 96707

TITLE OF DOCUMENT: UNILATERAL AGREEMENT AND DECLARATION FOR

CONDITIONAL ZONING

PARTY TO DOCUMENT: VILLAGES OF KAPOLEI ASSOCIATION, a Hawaii

nonprofit corporation

TAX MAP KEY NO. (1) 9-1-16:057

UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING

THIS INDENTURE (hereinafter referred to as this "Unilateral Agreement" or this "Declaration""), made this 6th day of March, 2001, by VILLAGES OF KAPOLEI ASSOCIATION, a Hawaii nonprofit corporation, whose address is 91-1111 Kama'aha Loop, Kapolei, Hawaii 96707 (hereinafter referred to as the "Declarant"),

WITNESSETH:

WHEREAS, the Declarant is the owner in fee simple of that certain parcel of land situated in Kapolei, Oahu, Hawaii, consisting of approximately 4.09 acres, described as Tax Map Key No. (1) 9-1-16: 057, and more particularly described in Exhibit A attached hereto and made a part hereof (the "Land"), desires to make the Land subject to this Unilateral Agreement in connection with the zone change referred to below; and

WHEREAS, the Declarant plans to continue to operate an existing recreation center on the Land; and

WHEREAS, the City Council (the "Council") of the City and County of Honolulu (the "City"), pursuant to the provisions of the Land Use Ordinance ("LUO"), Revised Ordinances of Honolulu 1990 ("ROH") Section 21-2.80, as amended, relating to conditional zoning, is considering a change in zoning under the LUO of the Land from AG-1 Restricted Agricultural District to B-1 Neighborhood Business District (the "zone change"); and

WHEREAS, a public hearing regarding the zone change, Bill 85 (2000), was held by the Council on December 1, 2000; and

WHEREAS, the Council recommended by its Zoning Committee Report No. 105 that the said zone change be approved, subject to, among other conditions, the following conditions contained in this Declaration to be made pursuant to the provisions of ROH Section 21-2.80, as amended, relating to conditional zoning, and to become effective on the effective date of the zoning ordinance approving the zone change (the "Rezoning Ordinance");

NOW THEREFORE, the Declarant hereby covenants and declares as follows:

1. The use of the Land shall be limited to a meeting facility and its accessory uses as defined in Article 10 of the Land Use Ordinance, Chapter 21, Revised Ordinances of Honolulu 1990, as amended. Permissible accessory uses shall include, but shall not be limited to: 1) office uses directly connected with the carrying out and/or performance of the Declarant's duties, responsibilities, obligations, and/or functions as a community association1; 2) recreational or social services, programs, activities, and/or events, and day care services, for the benefit of the community association members; 3) a farmer's market no more frequently than once a week for the benefit of the community association members; 4) recreational facilities, including, but not limited to, swimming pools, tennis courts, basketball courts, soccer fields, and baseball fields for community association members; and 5) such other uses as are consistent with the Declarant's duties, responsibilities, obligations, and/or functions as a community association. This condition shall not alter or affect any restriction or requirement applicable to the Land pursuant to

¹ References herein to the Association as a "community association" shall mean and include the Association as a "community association," "planned community association," "master homeowner's association," "master planned community," "homeowner's association," and "planned unit development."

classification as a private park under the City's park dedication ordinance and rules.

- 2. The Declarant acknowledges that approval of the zone change does not constitute compliance with other LUO or other governmental requirements. They are subject to separate review and approval. The Declarant shall be responsible for ensuring that the final plans for any further development on the Land comply with all applicable LUO and other governmental provisions and requirements.
- 3. In the event of noncompliance with any of the conditions set forth herein, the Director of Planning and Permitting shall inform the Council and may initiate action to rezone the Land, seek civil enforcement, or take appropriate action to terminate or stop any development or use on the Land until applicable conditions are met.
- 4. Failure to fulfill any of the conditions set forth herein may be grounds for revocation of the permits issued under this zoning and grounds for the enactment of ordinances making further zone changes, including revocation of the underlying zoning, upon initiation by the proper parties in accordance with the Revised City Charter.
- 5. Nothing in Paragraphs 3 or 4 above shall serve to release any rights, remedies, defenses, and/or claims of the Declarant.

NOW, THEREFORE, the Declarant hereby makes the following additional Declarations:

As used herein, references to a specific City department or agency shall be deemed to include a reference to any successor department or agency. References to the Declarant shall include its successors and assigns, if any.

That the conditions imposed herein are reasonably conceived to fulfill public service demands created by the requested change in zoning and are rationally related to the objective of preserving the public health, safety and general welfare and the further implementation of the General Plan of the City and County of Honolulu.

That the development of the Land shall conform to the aforesaid conditions with the understanding that, at the request of the Declarant and upon the satisfaction of the conditions set forth in this Unilateral Agreement, the Department of Planning and Permitting may fully or partially release, as applicable, any of the foregoing conditions that have been fulfilled.

That if there are any conflicts between this Unilateral Agreement and any previous unilateral agreement(s) applicable to the Land, the terms and conditions of this Unilateral Agreement shall apply.

AND IT IS EXPRESSLY UNDERSTOOD AND AGREED that the conditions imposed in this Declaration shall run with the Land and shall bind and constitute notice to all the parties hereto and subsequent lessees, grantees, assignees, mortgagees, lienors, successors, and any other persons who have or claim to have an interest in the Land, and the City and County of Honolulu shall have the right to enforce this Declaration by rezoning, appropriate action at law or suit in equity against all such persons, provided that the Declarant or its successors and assigns may file a petition with the Department of Planning and Permitting for amendment or removal of any conditions or termination of this Declaration, such petition to be processed in the same manner as petitions for zone changes. Nothing in this paragraph shall serve to release any rights, remedies, defenses, and/or claims of the Declarant.

IN WITNESS WHEREOF, the parties hereto have executed this Unilateral Agreement and Declaration for Conditional Zoning on the day and year first above written.

VILLAGES OF KAPOLEI ASSOCIATION, a Hawaii non-profit corporation

Its Presiden

STATE OF HAWAII	
CITY AND COUNTY OF HONOLULU) SS:)
personarry known, who being by	March , 2001, before me L. Smith, to me me duly sworn, did say that _she, sidenf of the Villages of
Kapolei Association and that sof said Association by author that said officer acknowledged	said instrument was signed in behalf ity of its Board of Directors, and said instrument to be the free act acting by and through its Board.
	Cli do A
	Notary Public (Signature)
	Claire Loo-Hoy (Print Name)
L. S.	(Print Name)
	State of Hawaii My commission expires: 62/17/02

EXHIBIT "A"

All of that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

LOT 9264, area 4.091 acres, more or less, as shown on Map 689, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069 fo the Trustees under the Will and of the Estate of James Campbell, deceased;

Being land(s) described in Transfer Certificate of Title No. 475,557 issued to THE VILLAGES OF KAPOLEI ASSOCIATION, a Hawaii non-profit corporation.

BEING THE PREMISES ACQUIRED BY QUITCLAIM DEED

GRANTOR : BOUSING FINANCE AND DEVELOPMENT CORPORATION,

a public body and body corporate and politic

of the State of Hawaii

GRANTEE : THE VILLAGES OF RAPOLEI ASSOCIATION, a Hawaii

non-profit corporation

DATED : May 31, 1996

FILED : Land Court Document No. 2312773

-Note:- LOT 9264 shall have access to Farrington Highway over and across Lots 6765 and 6768, as shown on Map 571, and over and across aid road Lot 5349, as seet forth by Land Court Order No. 116996, filed June 16, 1994.

SUBJECT HOWEVER TO THE FOLLOWING:

1. Any and all Real Property Taxes that may be due and owing.

Tax Key: 9-1-016-057 (1) Area Assessed: 4.091 acres

- ECUSING FINANCE AND DEVELOPMENT CORPORATION-CAMPBELL 2. ESTATE, KAPOLEI VILLAGE CONDEMNATION AGREEMENT, effective as of April 11, 1989, filed as Land Court Document No. 1650349, recorded in Liber 23409 at Page 224, by and among the STATE OF HAWAII by its Board of Land and Natural Resources, HOUSING FINANCE AND DEVELOPMENT CORPORATION, & public body and body corporate and politic, the STATE OF HAWAII DEPARTMENT OF TRANSPORTATION, an executive department of the State of Hawaii, and F. E. TROTTER, INC., W. H. MCVAY, INC., P. R. CASSIDAY, INC. and H. C. CORNUELLE, INC., all Hawaii professional corporations, the duly appointed, qualified and acting TRUSTEES UNDER THE WILL AND OF THE ESTATE OF JAMES CAMPBELL, DECEASED, acting in their fiduciary and not in their individual corporate capacities.
- 3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : QUITCLAIM DEEDS

DATED : January 3, 1990 and January 4, 1990, and June

20, 1990 and July 9, 1990, respectively

FILED : Land Court Document Nos. 1696820 and 1745093

The foregoing includes, but is not limited to, matters relating to reservation of minerals, water and prehistoric and historic remains.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: DECLARATION OF CONDITIONS IMPOSED BY THE LAND

USE COMMISSION

DATED : June 6, 1990

FILED : Land Court Document No. 1736622

Said Declaration was amended by instrument dated February 6, 1992, filed as Land Court Document No. 1888121.

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND

RESTRICTIONS, VILLAGES OF RAPOLEI

DATED : July 26, 1990

FILED : Land Court Document No. 1752834

Said Declaration was amended by instruments recorded in the Land Court as Document Nos. 2199063 and 2238460; and 2620834.

6. DESIGNATION OF EASEMENT "5854" (area 4,641 square feet)

PURPOSE : storm drain

SHOWN : on Map 836, as set forth by Land Court Order

No. 123488, filed February 26, 1996

7. DESIGNATION OF EASEMENT "5933" (area 220 square feet)

PURPOSE : water meter

SHOWN : on Map 844, as set forth by Land Court Order

No. 123954, filed April 9, 1996

8. DESIGNATION OF EASEMENT "6262" (area 10,205 square feet)

PURPOSE : irrigation waterline

SHOWN : on Map 910, as set forth by Land Court Order

No. 129082, filed September 30, 1997

- 9. Declaration of Restrictive Covenants (Private Park) recorded in the Land Court as Document No. 2632611.
- 10. Grant of Easement (5854) recorded in the Land Court as Document No. 2532872.

ASSISTANT REGISTRAR, LAND COURT STATE OF HAWAII (Bureau of Conveyances)

The original of this document was recorded as follows:

DOCUMENT NO. 2689090

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL () PICKUP () TO:

TITLE OF DOCUMENT: Unilateral Agreement and Declaration for

Conditional Zoning

PARTY TO DOCUMENT: HOUSING AND COMMUNITY DEVELOPMENT CORPORATION

OF HAWAII, Declarant

TAX MAP KEY NOS. (1) 9-1-16:035 (por.), 036-039, 058, 059,

064, 076 (por.), 088, 093; 9-1-104:001-087;

9-1-105:001-117

UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING

THIS INDENTURE (hereinafter referred to as this "Unilateral Agreement" or this "Declaration""), made this 6th day of March , 2001, by HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII, a public body and a body corporate and politic of the State of Hawaii, whose address is 677 Queen Street, Suite 300, Honolulu, Hawaii, 96813 (hereinafter referred to as the "Declarant"),

WITNESSETH:

WHEREAS, Act 337, Session Laws of Hawaii 1987, created the HOUSING FINANCE AND DEVELOPMENT CORPORATION ("HFDC") to address the serious shortage of safe and sanitary affordable housing units in the State; and

WHEREAS, Act 15, Session Laws of Hawaii 1988, imposed a five-year moratorium on certain provisions of Chapter 201E, Hawaii Revised Statutes, which were in conflict with the provisions of Act 15, and granted temporary enhanced authority to the HFDC to develop affordable housing projects which were exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of units thereon; and

WHEREAS, the Villages of Kapolei project was initiated by the HFDC under Act 15, bypassing, among other things, planning, zoning, and subdivision regulations of the City and County of Honolulu (the "City"); and

WHEREAS, the Villages of Kapolei project is located to the east of the City of Kapolei in Ewa on approximately 888 acres of land, more particularly described as all parcels with Tax Map Key plats 9-1-59, -60, -68, -71, -72, -77 to -81, -84, -91, -92, -98, -99, -104, and -105, and certain parcels with Tax Map Key plat 9-1-16; and

WHEREAS, the land encompassing the Villages of Kapolei is currently zoned AG-1 Restricted Agricultural District under the City's Land Use Ordinance, which is inconsistent with existing and planned uses for the land; and

WHEREAS, pursuant to Act 350, Session Laws of Hawaii 1997, the Declarant is the successor in interest to the HFDC; and

WHEREAS, the Villages of Kapolei project consists of developed areas previously developed by the Declarant or its predecessor, the HFDC, and undeveloped areas which the Declarant intends to develop; and

WHEREAS, the developed areas of the Villages of Kapolei (hereinafter referred to as the "Developed Land") are more particularly described in Exhibit A, attached hereto and made a part hereof; and

WHEREAS, the undeveloped areas of the Villages of Kapolei (hereinafter referred to as the "Undeveloped Land") consist of

approximately 148.8 acres, are described as Tax Map Key Nos. (1) 9-1-16:035 (por.), 036-039, 058, 059, 064, 076 (por.), 088, 093; 9-1-104:001-087; 9-1-105:001-117; and are more particularly described in Exhibit B, attached hereto and made a part hereof; and

WHEREAS, the Declarant is the owner in fee simple of the Undeveloped Land and desires to make the Undeveloped Land subject to this Unilateral Agreement; and

WHEREAS, the Declarant plans to continue to develop the Villages of Kapolei project on the Undeveloped Land; and

WHEREAS, the City Council (the "Council") of the City, pursuant to the provisions of the Land Use Ordinance ("LUO"), Revised Ordinances of Honolulu 1990 ("ROH") Section 21-2.80, as amended, relating to conditional zoning, is considering a change in zoning under the LUO of both the Developed Land and the Undeveloped Land from the AG-1 Restricted Agricultural District to the: (1) R-3.5 Residential District; (2) R-5 Residential District; (3) A-1 Low Density Apartment District; (4) A-2 Medium Density Apartment District with a 40-foot height limit; (5) AMX-1 Apartment Mixed Use District; (6) B-1 Neighborhood Business District; (7) BMX-3 Business Mixed Use District with a 60-foot height limit; and (8) P-2 General Preservation District (collectively referred to as the "zone change"); and

WHEREAS, a public hearing regarding the zone change, set forth in Bill 85 (2000), was held by the Council on December 1, 2000; and

WHEREAS, the Council recommended by its Zoning Committee Report No. 105 that the said zone change be approved, subject to, among other conditions, the following conditions contained in this Declaration to be made pursuant to the provisions of ROH Section 21-2.80, as amended, relating to conditional zoning, and to become effective on the effective date of the zoning ordinance approving the zone change (the "Rezoning Ordinance");

NOW THEREFORE, the Declarant hereby covenants and declares as follows with respect to the Undeveloped Land:

1. Prior to submitting an application for any subdivision approval (other than subdivision approval for the purpose of conveying an undeveloped portion of the Undeveloped Land to another developer for further subdivision and development), grading permits, or building permits, whichever comes first, the Declarant shall submit to the City Department of

Planning and Permitting ("DPP"), for its review and approval, a Master Site Development Plan for the area known as the Northwest Corner in the Villages of Kapolei project, identified by Tax Map Key No. 9-1-16: 035, and consisting of approximately 22.89 acres. The Master Site Development Plan for the Northwest Corner shall address the following elements to assure implementation of policies, principles and guidelines in the Ewa Development Plan:

- a. Building location and massing which:
 - (1) Reflect provisions for safe and pleasing pedestrian and bicycle circulation within the site, and connecting the site to other focal points in the Kapolei community.
 - (2) Avoid location of open parking, loading and open storage areas adjacent to residential uses.
 - (3) Assign bulkier masses away from streets to create a friendly, pedestrian-oriented streetscape, and promote major streets as public view corridors.
 - (4) Contribute to a vibrant streetscape, particularly along Barbers Point Access Road and Farrington Highway, through such means as locating retailing establishments along the street frontages, lush landscaping and open areas, and attractive signage.
- b. Landscaping concepts which:
 - (1) Recognize the established landscaping themes of adjacent projects in Kapolei.
 - (2) Promote pedestrian circulation by providing visual and shade relief.
 - (3) Implement the concept of a Hawaiian garden city.

The development of the Northwest Corner shall conform to the approved Master Site Development Plan, provided that the Master Site Development Plan may be amended from time to time with the prior written approval of the DPP.

2. Prior to submitting an application for any subdivision approval, grading permits, or building permits, whichever comes first, for any developments after the effective date

of the Rezoning Ordinance, the Declarant shall submit to the DPP and the City Department of Environmental Services ("DES"), for review and approval, a Revised Sewer Master Plan. The Revised Sewer Master Plan shall include, but not be limited to:

- a. A discussion of the existing wastewater system in terms of its capacity and physical condition.
- b. A discussion of any new wastewater facilities and/or improvements to existing facilities that may be required to accommodate demand from future developments on land which is vacant at the time of the Plan.
- c. Disclosure of any deficiencies in the existing wastewater system with respect to City standards for the proper installation, collection and transmission of wastewater from existing and future developments to its designated treatment facility for eventual disposal.
- d. All proposed mitigation measures to correct identified deficiencies affecting the proper collection and transmission of wastewater from existing and future developments to its designated treatment facility for eventual disposal.
- e. A timetable for implementation and completion of all proposed improvements and mitigation measures to adequately correct or handle all identified deficiencies affecting the proper collection and transmission of wastewater from existing and future developments to its designated treatment facility for eventual disposal. This timetable shall also disclose its timing with that of future development projects within the Villages of Kapolei.

The Declarant shall comply with the approved Revised Sewer Master Plan, provided that the Plan may be amended from time to time with the prior written approval of the DPP and the DES.

- 3. The Declarant shall comply with the following traffic mitigation measures.
 - a. A summary listing of any new developments that have occurred within the Villages of Kapolei shall be included in the annual status report required to be submitted by the Declarant to the DPP pursuant to

Condition 5 of this Declaration. The summary shall include the Declarant's assessment of whether an updated Traffic Impact Analysis Report ("TIAR") should be provided by the Declarant, based on the reported new developments. The DPP shall determine whether an updated TIAR shall be provided, based on the DPP's review of the summary. If the DPP determines that an updated TIAR is required, the Declarant shall submit an updated TIAR to the DPP for review and approval within six months of the DPP's written determination. updated TIAR shall address the increase in traffic generated by the new developments and the need to revise any traffic forecasts and projections that were contained in the initial TIAR dated June 20, 1994, as supplemented prior to the effective date of the Rezoning Ordinance. The updated TIAR shall include an analysis of traffic signal warrants at all critical intersections and other traffic related recommendations, as needed to improve traffic flow and circulation throughout the Villages of Kapolei. Declarant shall implement the recommendations contained in the updated TIAR regarding improvements to roadway infrastructure--including, but not limited to, the installation of traffic signals at intersections that meet the signal warrants -- all in accordance with City standards.

- b. Regarding the development of areas which are vacant on the effective date of the Rezoning Ordinance, a TIAR shall be prepared for each of the following areas, at such time when the specific uses of these areas have been identified:
 - (1) A vacant area between the Kapolei Parkway and the existing drainage channel, referred to as Villages 7 and 8;
 - (2) A vacant 9.807-acre parcel identified as Tax Map Key No. 9-1-16: 064, planned to be developed as an elderly housing project;
 - (3) A vacant 22.89-acre site identified as Tax Map Key No. 9-1-16: por. 035, located south of the intersection of Farrington Highway and Barbers Point Access Road, referred to as the Northwest Corner; and

(4) Three contiguous vacant parcels identified as Tax Map Key Nos. 9-1-16: 037, 038 and 039, bounded by Kama'aha Avenue and Kama'aha Loop, referred to as the Village Center.

The Declarant shall implement all recommendations contained in the TIARs referred to above.

- Prior to subdivision, cluster or building permit approval, 4. whichever comes first, the Declarant shall enter into a binding agreement with the DPP to participate in an affordable housing program acceptable to the DPP and in accordance with adopted rules and regulations for unilateral agreements requiring affordable housing. The agreement shall provide that no less than 30 percent of the total number of dwelling units developed in the Villages of Kapolei shall be affordable to households with incomes not exceeding 120 percent of the Median Income, with no less than ten percent of the total number of dwelling units being affordable to households with incomes not exceeding 80 percent of the Median Income. As used herein, "Median Income" means the median income for Honolulu, Hawaii, adjusted for household size, as determined by the United States Department of Housing and Urban Development. In determining compliance with this condition, dwelling units developed by the Declarant or HFDC in the Villages of Kapolei prior to the effective date of the Rezoning Ordinance shall be included.
- 5. On an annual basis, the Declarant shall submit a written status report to the DPP documenting satisfaction of and/or describing progress made toward complying with each condition of this Declaration. The status report shall be submitted to the DPP by December 31 of each year, until such time as the DPP has determined that all conditions of approval have been satisfied.
- 6. The Declarant acknowledges that approval of the zone change does not constitute compliance with other LUO or other governmental requirements. Other LUO or other governmental requirements are subject to separate review and approval. The Declarant shall be responsible for ensuring that the final plans for any further development by Declarant in the Villages of Kapolei comply with all applicable LUO and other governmental provisions and requirements.
- 7. In the event of noncompliance with any of the conditions set forth in this Declaration, the Director of the DPP shall

inform the Council and may initiate action to rezone the Land, seek civil enforcement, or take appropriate action to terminate or stop any development by Declarant in the Villages of Kapolei until applicable conditions are met.

8. Failure to fulfill any of the conditions set forth in this Declaration may be grounds for revocation of the permits issued under this zoning and grounds for the enactment of ordinances making further zone changes, including revocation of the underlying zoning, upon initiation by the proper parties in accordance with the Revised City Charter.

NOW, THEREFORE, the Declarant hereby makes the following additional Declarations:

As used herein, references to a specific City department or agency shall be deemed to include a reference to any successor City department or agency.

That the conditions imposed in this Declaration are reasonably conceived to fulfill public service demands created by the requested change in zoning and are rationally related to the objective of preserving the public health, safety and general welfare and the further implementation of the General Plan of the City and County of Honolulu.

That the development of the Undeveloped Land shall conform to the conditions in this Declaration with the understanding that, at the request of the Declarant and upon the satisfaction of the conditions set forth in this Unilateral Agreement, the Department of Planning and Permitting may fully or partially release, as applicable, any of the foregoing conditions that have been fulfilled.

That if there are any conflicts between this Unilateral Agreement and any previous unilateral agreement(s) applicable to the Land, the terms and conditions of this Unilateral Agreement shall apply.

AND IT IS EXPRESSLY UNDERSTOOD AND AGREED that the conditions imposed in this Declaration shall run with the Undeveloped Land and shall bind and constitute notice to all the parties to this Declaration and subsequent lessees, grantees, assignees, mortgagees, lienors, successors, and any other persons who have or claim to have an interest in the Undeveloped Land. The City and County of Honolulu shall have the right to enforce this Declaration by rezoning, appropriate action at law or suit in equity against all such persons, provided that the Declarant or its successors and assigns may file a petition with the Department of Planning and Permitting for amendment or removal of any conditions or termination of this Declaration, such petition to be processed in the same manner as petitions for zone changes.

IN WITNESS WHEREOF, the parties hereto have executed this Unilateral Agreement and Declaration for Conditional Zoning on the day and year first above written.

> HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII

APPROVED AS TO FORM:

Deputy Attorney General

"Declarant"

STATE OF HAWAII

) **SS**:

CITY AND COUNTY OF HONOLULU

On this 6th day of March, 2001, before me appeared SHARYN L. MIYASHIRO, to me personally known, who, being by me duly sworn, did say that she is the Executive Director of HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII, a public body and body politic of the State of Hawaii; and that said instrument was signed in the name and on behalf of said corporation by authority of its Board of Directors; and said officer acknowledged that such officer executed said instrument as the free act and deed of said corporation.

Name of Notary:

Lisa C. Wond

Mame of Notary Public, State of Hawaii
Notary Public, State of Hawaii
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		DEVELOPED PARCELS		
<u>ئ</u>	Map No.	LOT#	VILL. NO.	PROJECT NAME/LOCATION
6901	505	505 All developed except those shown on the Undeveloped Parcel list.	Varies	
1069	507	507 All lots developed.	-	I KUMU IKI
6901	532	532 All lots developed.	-	KUMU IKI
6901	550	550 All fots developed.	-	KUMU IKI
6901	571	571 All lots developed except those shown on the Undeveloped Parcel list.	Varies	
6901	594	594 All lots developed.	Varies	
6901	609	609 All lots developed.	3	3 MALANAI
690	637	637 All lots developed.	3	3 MALANAI
690	649	649 All lots developed except those shown on the Undeveloped Parcel list.	Varies	
690	650	650 All lots developed except those shown on the Undeveloped Parcel list.	3	3 MALANA!
6901	199	661 All lots developed except those shown on the Undeveloped Parcel list.	7	2 A'ELOA
690	663	All lots developed or planned for construction.	4	4 KEKUILANI
690	673	All lots developed.	n	MALANAI
690	683	683 All lots developed.	n	3 MALANA!
690	689	689 All lots developed.	Varies	
6901	727	727 All lots developed.	3	3 MALANAI
690	803	803 All lots developed or planned for construction except those shown on the Undeveloped Parcel list.	5	5 IWALANI
1069	821	821 All lots developed.	. 2	2 AELOA
1069	968	896 All lots developed except those shown on the Undeveloped Parcel list.	7&8	788 MAKAMAE
1069	897	897 All lots developed or planned for construction except those shown on the Undeveloped Parcel list.	9	6 VILLAGE 6

VILLAGES OF KAPOLEI

Printed: 3/9/01		R TCT #	341501	341501	341501	341501	341501	341501	420149	420149	426166	426166	512787	375758	375758	496704	496704	496704	
		ACREAGE TITLE HOLDER	3.727/HCDCH	22.890 HCDCH	0.506 HCDCH	6.000 HCDCH	3.361 HCDCH	6.015 HCDCH	0.673 HCDCH	9.807 HCDCH	3.501 HCDCH	4.517 HCDCH	7.615 HCDCH	8.796 HCDCH	40.228 НСБСН	6.000 HCDCH	6.323 HCDCH	18.841 HCDCH	
		ACREAGE	3.727	22.890	0.506	9000	3.361	6.015	0.673	9.807	3.501	4.517	7.615	8.796	40.228	9.000	6.323	18.841	440 000
	CELS	LAND USE	RESIDENTIAL	MULTI FAMILY	LANDSCAPE	MULTI FAMILY	COMMERCIAL	RESIDENTIAL	EDUCATION	MULTI FAMILY	MULTI FAMILY	MULTI FAMILY	MULTI FAMILY	SINGLE FAMILY	SINGLE & MULTIFAMILY	PARK	MULTI FAMILY	SINGLE FAMILY	
UA Undeveloped Parcels Exhibit B	UNDEVELOPED PARCELS	VILL. NO. PROJECT NAME/LOCATION	NORTHWEST CORNER	NW NORTHWEST CORNER	NW NORTHWEST CORNER	VC VILLAGE CENTER	VC VILLAGE CENTER	VC VILLAGE CENTER	VC DAY CARE CENTER	6 ELDERLY HOUSING	2 A'ELOA	2 A'ELOA	5 MULTIFAMILY	788 LARGE LOT - MAKAMAE	7&8 LARGE LOT - MAKAMAE	7&8 NEIGHBORHOOD PARK	7&8 MULTIFAMILY - MAKAMAE	7&8 SMALL LOTS - MAKAMAE	
UA Und	Ď	VILL. NO.	_	N N	Z N N	\ \ \ \	\c)				2 /	7 7	2 V	7&8 L	1887	788	788 1	7&8	
		TMK	9-1-16:035 portion	9-1-16:035 portion	9-1-16:035 portion	9-1-16:037	9-1-16:038	9-1-16:039	9-1-16:058	9-1-16:064	9-1-16:036	9-1-16:093	9-1-16:059	9-1-16:088	9-1-16:076 portion	9-1-16:076 portion	9-1-16:076 portion	9-1-104:001-087; 9-1-105:001-117	
APOLEI		#107	2	5351	6363	7929	6929	6764	8044	8053	8278	8280	10747	12031	12033	12282	12283	12055 - 12258	
LAGES OF KAPOLEI		Map No.	-	505	202	571	571	571	649	649	661	661	803	968	968	905	905	905	
LAG		LCA	1828	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	

CPPICE OF THE LIGHTANT REGISTRAR, LAND COURT STATE OF HAWAII	
(Bursay of Conveyances)	
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2/8/12/	
2689121	
11 3:39 pm	
LAND COURT SYSTEM	REGULAR SYSTEM
Return by Mail Pickup To:	
Carlsmith Ball LLP	
1001 Bishop Street	
Suite 2200, Pacific Tower	
Honolulu, Hawaii 96813	
Telephone: 523-2500	
Attn: Patricia Devlin, Esq.	
Titul. Tuttigu Dovini, Lbd.	
TITLE OF DOCUMENT.	
TITLE OF DOCUMENT:	
UNILATERAL AGREEME	NT AND DECLARATION
FOR CONDITION	NAL ZONING
DADWING TO DOCK IN CENTER	
PARTIES TO DOCUMENT:	
DECLARANT: KAPOLEI PEOPLE'S, INC.	., a Hawaii corporation
-76 <i>i</i>	
91-7-1 Farrington Highway	
Kapolei, Hawaii 96707	***
	And the second second
TAX MAP KEY(S): Tax Map Key (1) 9-1-16:	por 110 (This document consists of 6 pages.)
1 AA WAT KE 1 (5). 1 ax Wap Key (1) 3-1-10.	por 110 (11113 document consists of a pages.)

UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING

WITNESSETH:

WHEREAS, the Declarant is the owner in fee simple of that certain parcel of land situated in Kapolei, Oahu, Hawaii, consisting of approximately 16.928 acres, described as Tax Map Key (1) 9-1-16: por 110, and more particularly described in Exhibit A attached hereto and made a part hereof (the "Land"), and desires to make the Land subject to this Unilateral Agreement; and

WHEREAS, the Declarant plans to develop a residential housing project on the Land (the "Project"); and

WHEREAS, the City Council (the "Council") of the City and County of Honolulu (the "City"), pursuant to the provisions of the Land Use Ordinance ("LUO"), Revised Ordinances of Honolulu 1990 ("ROH") Section 1-2.80, as amended, relating to conditional zoning, is considering a change in zoning under the LUO of the Land from AG-1 Restricted Agricultural District to R-3.5 Residential District (the "zone change"); and

WHEREAS, a public hearing regarding the zone change, Bill 85 (2000), was held by the Council on December 1, 2000; and

WHEREAS, the Council recommended by its Zoning Committee Report No. 105 that the said zone change be approved, subject to, among other conditions, the following conditions contained in this Declaration to be made pursuant to the provisions of ROH Section 21-2.80, as amended, relating to conditional zoning, and to become effective on the effective date of the zoning ordinance approving the zone change (the "Rezoning Ordinance");

NOW, THEREFORE, the Declarant hereby covenants and declares as follows:

1. Prior to subdivision, cluster or building permit approval, whichever comes first, the Declarant shall enter into a binding agreement with the City Department of Planning and Permitting (DPP) to participate in an affordable housing program acceptable to the DPP and in accordance with adopted rules and regulations for unilateral agreements requiring affordable housing. The agreement shall provide that no less than 30 percent of the total number of dwelling units developed on the Land shall

be affordable to households with incomes not exceeding 120 percent of the Median Income, with no less than 10 percent of the total number of dwelling units being affordable to households with incomes not exceeding 80 percent of the Median Income. As used herein, "Median Income" means the median income for Honolulu adjusted for household size, as determined by the United States Department of Housing and Urban Development.

Notwithstanding any of the foregoing, this Condition 1 shall be subject to the applicable provisions of Ordinance 99-51 (relating to temporary amendments to affordable housing conditions in unilateral agreements) and any amendment or repeal thereof.

- 2. The Declarant acknowledges that approval of the zone change does not constitute compliance with other LUO or other governmental requirements. They are subject to separate review and approval. The Declarant shall be responsible for ensuring that the final plans for the Project comply with all applicable LUO and other governmental provisions and requirements.
- 3. In the event of noncompliance with any of the conditions set forth herein, the Director of Planning and Permitting shall inform the Council and may initiate action to rezone the Land, seek civil enforcement, or take appropriate action to terminate or stop the Project until applicable conditions are met.
- 4. Failure to fulfill any of the conditions set forth herein may be grounds for revocation of the permits issued under this zoning and grounds for the enactment of ordinances making further zone changes, including revocation of the underlying zoning, upon initiation by the proper parties in accordance with the Revised City Charter.

NOW, THEREFORE, the Declarant hereby makes the following additional Declarations:

As used herein, references to a specific City department or agency shall be deemed to include a reference to any successor department or agency.

That the conditions imposed herein are reasonably conceived to fulfill public service demands created by the requested change in zoning and are rationally related to the objective of preserving the public health, safety and general welfare and the further implementation of the General Plan of the City and County of Honolulu.

That the development of the Land shall conform to the aforesaid conditions with the understanding that, at the request of the Declarant and upon the satisfaction of the conditions set forth in this Unilateral Agreement, the Department of Planning and Permitting may fully or partially release, as applicable, any of the foregoing conditions that have been fulfilled.

That if there are any conflicts between this Unilateral Agreement, and any previous unilateral agreement(s) applicable to the Land, the terms and conditions of this Unilateral Agreement shall apply.

AND IT IS EXPRESSLY UNDERSTOOD AND AGREED that the conditions imposed in this Declaration shall run with the Land and shall bind and constitute notice to all the parties hereto and subsequent lessees, grantees, assignees, mortgagees, lienors, successors, and any other persons who have or claim to have an interest in the Land, and the City and County of Honolulu shall have the right to enforce this Declaration by rezoning, appropriate action at law or suit in equity against all such persons, provided that the Declarant or its successors and assigns may file a petition with the Department of Planning and Permitting for amendment or removal of any conditions or termination of this Declaration, such petition to be processed in the same manner as petitions for zone changes.

IN WITNESS WHEREOF, the parties hereto have executed this Unilateral Agreement and Declaration for Conditional Zoning on the day and year first above written.

DECLARANT:

KAPOLEI PEOPLE'S INC., a

Hawaii corporation

NOBUO NAKAMURA

Its President and CEO

STATE OF HAWAII)	
)	SS
CITY AND COUNTY OF HONOLULU)	

On this day of March, 2001, before me personally appeared **NOBUO NAKAMURA**, to me personally known/proved to me on the basis of satisfactory evidence, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Name: 0. Starius

Notary Public, State of Hawaii , Falt

My commission expires: 613-2005

EXHIBIT A

All of that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, more particularly described as follows:

LOT 6770, containing an area of 16.928 acres, as shown on Map 571, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069 of the Trustees under the Will and of the Estate of James Campbell, deceased.

BEING a portion of the land described in and covered by Land Court Certificate of Title No. 464,914, issued to Kapolei People's, Inc., a Hawaii corporation, and conveyed by Quitclaim Deed dated November 7, 1995, recorded in said Office as Document No. 2271439, from Housing Finance and Development Corporation, a public body and body corporate and politic of the State of Hawaii established pursuant to Chapter 201E, Hawaii Revised Statutes.

Note: Lot 6770 shall have access to a public road over Lots 6768 and 6757, as shown on Map 571, and Lots 5349 and 5354, as shown on Map 505, as set forth by Land Court Order No. 103583, filed August 26, 1991.

Tax Map Key: Oahu 9-1-16: por 110

CITY COUNCIL CITY AND COUNTY OF HONOLULU HONOLULU, HAWAII CERTIFICATE

ORDINANCE 01-07

BILL	85 (2000)

INTRODUCTION DATE: OCTOBER 30, 2000

INTRODUCED BY: JOHN DESOTO

		AYE	NO	A/E
1ST READING DATE: 11/15/00	BAINUM	X		
REMARKS: Holmes/Mansho - Bill passed 1st reading and referred to Zoning 9.	CACHOLA	X		
	DeSOTO	X		
	FELIX	X		
	HOLMES	Х	-	
	MANSHO	Х		
	MIRIKITANI	Х		
	OKINO	Х		
	YOSHIMURA	Х		
	TOTAL	9	0	0
2ND READING DATE: 12/1/00	BAINUM	Х		
DRAFT:	CACHOLA	х		
COMMITTEE REPORT: ZCR-471 PUBLIC HEARING DATE: 12/1/00	DeSOTO	х		
REMARKS: DeSoto/Holmes - Bill passed 2nd reading.	FELIX	Х		
Public hearing held concurrently, closed and referred to Zoning 8.	HOLMES	х		
excused: Yoshimura 1.	MANSHO	Х		
	MIRIKITANI	×		
	OKINO	×		
	YOSHIMURA			E
	TOTAL	8	О	1
BRD READING DATE: 3/14/01	BAINUM	Х		
DRAFT: CD1	CACHOLA	х		
COMMITTEE REPORT: ZCR-105 REMARKS: DeSoto/Felix - Bill passed 3rd reading, as amended 9.	DeSOTO	х		
	FELIX	Х		
	HOLMES	×		
	MANSHO	×		
	MIRIKITANI	×		
	OKINO	×		
	YOSHIMURA	×		
	TOTAL	9	0	0

Referred to: ZONING

Reference: D-797-00; D-171-01

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.

GENEVIEVE G. WONG, CITY CLETTR

JON C. YOSHIMURA, CHAIR AND PRESIDING OFFICER

4. KAPOLEI VILLAGE	1989 CONDEMNA	TION AGREEMENT



October 23, 2007

Mr. Dan Davidson
Executive Director
Hawaii Housing Finance and
Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96818

HAWAII HOUSING FINANCE DEVELOPHICE CORP

Dear Dan:

Villages of Kapolei Master Plan

We appreciate your agency's consultation with our affiliate, Kapolei Property Development LLC, in the Hawaii Housing Finance and Development Corporation's ("HHFDC") recent exploration of the development of approximately 26.6 acres of land within the Villages of Kapolei identified by tax map key number 9-1-16:35 (hereinafter referred to as the "Property"). The Property is located south of the intersection of Farrington Highway and Fort Barrette Road and has been referred to as the "Northwest Corner" of the Villages of Kapolei ("Villages").

In way of background, the Villages were acquired by the Hawaii Finance and Development Corporation ("HFDC"), the predecessor in interest to HHFDC, from the Trustees Under the Will and of the Estate of James Campbell, Deceased ("Campbell Estate") pursuant to that certain Kapolei Villages Condemnation Agreement dated April 11, 1989 ("Condemnation Agreement") (see Exhibit 1), which was filed in Land Court as Document No. 1650349 and recorded in the Bureau in Liber 23409, Page 224. The Condemnation Agreement included, inter alia, design guidelines setting forth the permitted land uses within the Villages (hereinafter referred to as the "Master Plan") (see Exhibit 2). As outlined in the Master Plan, the Property is intended to be comprised, by land area, of approximately twenty-five percent (25%) church use, twenty-five percent (25%) commercial use, and fifty percent (50%) assisted living and elderly housing use. As further provided in the Condemnation Agreement, the designated uses for the Property could be modified "so long as the basic character and mix of uses within the Property remain substantially the same." (see Section 2 of the Condemnation Agreement). These use restrictions are also set forth in the Declaration of Covenants. Conditions and Restrictions, Villages of Kapolei, which were initially recorded by HFDC pursuant to Section 3 of the Condemnation Agreement. The rights of Campbell Estate under the Condemnation Agreement are now held by James Campbell Company LLC, its successor in interest.

As HHFDC continues with its land planning, we expect the character and mix of uses within the Property to remain substantially the same as those set forth in the Master Plan. The

Mr. Dan Davidson Executive Director Hawaii Housing Finance and Development Corporation October 23, 2007 Page 2

agreed-upon land uses were not only the basis for the conveyance value of the land, but they also reflect uses planned for and needed across the Kapolei region.

If you have any questions or concerns, please contact Dave Rae at 674-3117.

Sincerely,

Stephen H. MacMillan

President & Chief Executive Officer

mga:00001900\K10143

Attachments

HOUSING FINANCE AND DEVELOPMENT CORPORATION CAMPBELL ESTATE

KAPOLEI VILLAGE CONDEMNATION AGREEMENT

HOUSING FINANCE AND DEVELOPMENT CORPORATION-CAMPBELL ESTATE KAPOLEI VILLAGE CONDEMNATION AGREEMENT

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HOUSING FINANCE AND DEVELOPMENT CORPORATION-CAMPBELL ESTATE

KAPOLEI VILLAGE CONDEMNATION AGREEMENT

- This Agreement is made effective as of the /// day of _________, 1989 by and between the STATE OF HAWAII by its Board of Land and Natural Resources ("STATE"); HOUSING FINANCE AND DEVELOPMENT CORPORATION ("HFDC"), a public body and a body corporate and politic; the STATE OF HAWAII DEPARTMENT OF TRANSPORTATION, an executive department of the State of Hawaii ("DOT"); and F. E. TROTTER, INC., W. H. McVAY, INC., P. R. CASSIDAY, INC., and H. C. CORNUELLE, INC., all Hawaii professional corporations, the duly appointed, qualified and acting TRUSTEES UNDER THE WILL AND OF THE ESTATE OF JAMES CAMPBELL, DECEASED, ("Estate") acting in their fiduciary and not in their individual corporate capacities. The STATE, HFDC, DOT and Estate agree as follows:
- Purpose of Agreement. The purpose of this Agreement is to provide for the acquisition by the STATE through its condemnation powers of approximately 830 acres of certain land (the "Property") currently owned by Estate and located on the easterly side of the Barbers Point Access Road in the Ewa area on the Island of Oahu. The Property is under threat of condemnation by the STATE pursuant to that certain letter dated September 1, 1988, a copy of which is attached hereto as Exhibit A. The Property is more specifically identified in Exhibit B attached hereto. In order to avoid lengthy condemnation proceedings the STATE, HFDC and Estate have agreed that (a) Estate will convey the Property to the STATE in fee simple by way of a Deed under Threat of Condemnation, and (b) the STATE through HFDC will develop or cause to be developed housing upon portions of the acquired Property under a mixed use concept pursuant to HFDC's powers under H.R.S. Chapter 201E and Act 15, Haw. Sess. Laws 1988, and in accordance with the terms, covenants and conditions set forth herein. In the alternative, condemnation may be filed, incorporating the terms herein.
- 2. <u>Design Guidelines</u>. Estate has assisted in reviewing a plan for the Property, a copy of which is dated October 1988, and on file at the offices of HFDC (the Design Guidelines hereinafter referred to as the "Master Plan"). The improvements to the Property shall be in accordance with the Master Plan provided, however, (i) that in the event the Master Plan conflicts with Estate's plan for land owned by Estate located to the west of the Property ("Kapolei Town Center"), the Master Plan shall control; (ii) otherwise, the Master Plan will be used as a guide, and may be modified so long as the

basic character and mix of uses within the Property remain substantially the same.

- Architectural Standards; CC&Rs. will also be developed in accordance with architectural standards comparable to those discussed and illustrated in HFDC's Design Guidelines as may be amended from time to time and thereafter maintained in accordance with conditions, covenants and restrictions (the "CC&Rs") developed by HFDC. accomplish the foregoing, HFDC will consult with Estate in the preparation of such architectural standards and CC&Rs, will conduct any development and maintenance performed on the Property on HFDC's own behalf in conformance with such architectural standards and CC&Rs, and will execute, file in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and thereafter enforce a Declaration subjecting the Property to such architectural standards and CC&Rs prior to conveying the Property, any portion thereof or any interest therein to a third party. In addition to the foregoing, HFDC will develop (or cause to be developed) the portion of the Property located at the corner of Farrington Highway and Barbers Point Access Road consisting of approximately eight acres and designated for commercial use in the Master Plan (the "Commercial Site") in accordance with plans and specifications to be reviewed in advance by the Kapolei Architecture and Design Committee (consisting of representatives of the Estate and HFDC) with final decision and approval by HFDC. Said review shall be deemed to be completed within three weeks of submittal. In no event shall development of any drugstore or supermarket in excess of 5,000 square feet be commenced on the Commercial Site within two and 1/2 years from the date of this Agreement. Said restriction shall terminate thereafter.
- Conveyance. Within 30 days from date of this Agreement, Estate shall convey the Property to the STATE by a Deed under Threat of Condemnation containing the Estate's usual warranties, in fee simple, free and clear of all liens and encumbrances except (i) as shown in Exhibit B, (ii) for future utility, drainage and access easements required by Estate for the benefit of nearby lands or developments, provided such easements do not substantially interfere with the STATE's intended use of the Property as determined by HFDC, and (iii) as elsewhere set forth herein. The Estate shall convey the Property to the STATE upon full payment of the purchase price. Deeds to homeowners from HFDC and/or its designated developers will not be encumbered by this Agreement, provided that the mutually agreed upon architectural standards and CC&Rs referenced in paragraph 3 above are recorded and are encumbrances in such deeds to homeowners. In the alternative, the Final Order of Condemnation shall reflect the above.

- 5. Governmental Approvals. HFDC shall obtain all governmental approvals for the subdivision and development of the Property. Estate makes no representations concerning land use classification or zoning changes or HFDC's ability to use the Property for HFDC's intended use. Estate shall fully cooperate with HFDC to acquire all necessary government approvals. Estate shall also designate HFDC its agent to obtain said government approvals for the Property. Estate, in so cooperating, will not be required to dedicate or surrender any rights to the Property or other Estate properties except as otherwise required by this Agreement.
- 6. <u>Condemnation Price</u>. The condemnation price for the Property in fee simple shall be \$16,100,000.00, which the STATE shall pay to Estate in cash upon filing of the Deed under Threat of Condemnation in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
- 7. Additional Property. The STATE will, at the time it acquires the Property, also acquire an additional fifty-eight (58) acres adjacent to the Master Plan's golf course and more particularly described in Exhibit C attached hereto for a unit price of no greater than \$19,400 an acre. This additional property is also under threat of condemnation by the State pursuant to that certain letter dated March 28, 1989, a copy of which is attached as Exhibit D.

8. Transportation Improvements; Ewa Parkway.

- a. Estate and HFDC shall cooperate in funding and constructing the necessary transportation improvements to Barbers Point Access Road, Farrington Highway, the intersection of Barbers Point Access Road and Farrington Highway, and the Makakilo Interchange of Interstate Freeway H-1 to mitigate impacts from their respective developments at Kapolei Town Center and on the Property. The cost of said transportation improvements shall be shared among Estate, HFDC, adjoining landowners and developers and/or other Federal, State and County agencies as determined by the DOT. These improvements shall be implemented on a schedule acceptable to and approved by the DOT. These costs shall be assessed among Estate, HFDC, and adjoining landowners and developers on a basis of pro rata usage, taking into account both present and future use, as determined by the DOT.
- b. The Master Plan includes a 150 feet wide roadway ("Ewa Parkway") running west to east from the vicinity of Kalaeloa Road eastward to Fort Weaver Road through the Property but serving and benefiting, in part, Kapolei Town Center. The

portions of the Ewa Parkway running through the Property shall be constructed by HFDC at a time consistent with its construction schedule, it being understood by HFDC and the Estate that HFDC will only construct a 56-foot wide portion of the Ewa Parkway through the Property. Estate may build, at its sole option, the remaining 94-foot wide portion of the Ewa Parkway through the Property at its own expense at any time. In the event that HFDC constructs its portion of the Ewa Parkway through the Property prior to Estate constructing its portion, Estate agrees that it will reimburse HFDC for any and all damage to the HFDC portion of the Ewa Parkway caused by the Estate's construction of its portion of the Ewa Parkway. shall construct its portion of the Ewa Parkway to integrate with the overall plan for the Ewa Parkway. Construction plans and Estate's schedule for constructing the Estate's portion of Ewa Parkway shall be subject to HFDC's prior review and approval, which shall not be unreasonably withheld or delayed.

- Other Infrastructure and Utilities; Cost Subject to all applicable governmental regulations and required approvals, Estate will allocate at no cost to HFDC up to 175,000 gallons of potable water per day from its allocation at the Makakilo well for HFDC's development of the Property. Estate and HFDC shall cooperate at their joint expense in constructing a new water tank and potable water transmission line serving Kapolei Town Center and the Property; provided, however, that until such new water tank is constructed, Estate shall allow HFDC to use the water storage facility known as Barbers Point Reservoir 215. Estate and HFDC shall share in the cost of the new water tank and potable water transmission line on a pro rata basis, based on their consumption of water from the water tank and transmission line. HFDC shall be responsible at its sole expense for constructing drainage improvements on the Property. Any necessary sewer trunklines between Honouliuli and Barbers Point Access Road will be coordinated and the costs therefor equitably allocated between Estate, HFDC and other owners and developers of adjacent lands benefited by such sewer trunklines. All other infrastructure and utilities for developing and using the Property shall be HFDC's obligation and expense.
- 10. Oahu Sugar Company, Limited. The Property is currently leased to Oahu Sugar Company, Limited ("OSC"). HFDC agrees to pay all damages legally compensable as a result of such condemnation, including, without limitation, any crop losses (including loss of income) and damages suffered by OSC, and any costs and expenses of relocating any OSC facilities such as irrigation lines and cane haul roads. HFDC will coordinate condemnation with OSC to ensure that OSC's remaining sugar operation remains operable and to minimize the impact on

OSC facilities. The State shall not be liable for other costs incurred by or to be incurred by the Estate. All income earned under the OSC lease, including minimum and percentage lease rent, shall be prorated between the Estate and the State as of the date of condemnation, regardless of the actual date of receipt of such income. By way of example, if the date of filing the Deed under Threat of Condemnation falls on the first anniversary of a two year crop cultivation cycle, and the percentage rent is calculated and paid by OSC subsequent to the subject two year crop cultivation cycle, then in such event the Estate will be entitled to receive fifty percent (50%) of the percentage rent earned on the subject crop.

- 11. Right of Entry. Prior to closing, HFDC may enter onto the Property from time to time only to conduct surveys, soils tests and other planning work as is reasonable and necessary in connection with the STATE's anticipated acquisition of the Property from Estate; provided, however, that at all times during such entries onto the Property, it is understood that HFDC shall, subject to the applicable provisions of Chapters 661 and 662, Hawaii Revised Statutes, be liable in the same manner and to the same extent as a private individual under like circumstances, for all claims and demands for property damage, loss, personal injury or death on the Property caused by the negligent or wrongful act or omission of any officer or employee of HFDC while acting within the scope of his office or employment, including persons acting in behalf of HFDC in an official capacity, temporarily, whether with or without compensation. This section shall not make HFDC liable for any independent contractor with HFDC; provided that HFDC shall require any such independent contractor to procure and maintain in full force and effect liability insurance against any liability that may arise from entries by such contractor, with such liability insurance naming HFDC and Estate as additional insureds and having bodily injury policy limits of not less than \$1 million per person and \$3 million per occurrence and property damage policy limits of not less than \$500,000 per occurrence. The STATE and HFDC specifically agree not to construct any improvement on the Property until the STATE has acquired fee title to the same or has obtained possession pursuant to the condemnation action.
- 12. Acceptance of Property. The STATE and HFDC shall accept the Property "as is" in accordance with the terms of this Agreement and subject to encumbrances expressly contemplated hereby or in the Master Plan, and any encumbrances accepted by the STATE and HFDC or those claiming under the STATE and HFDC.

- 13. Termination of Agreement. To the extent the STATE does not acquire the Property pursuant to its threat of condemnation or in accordance with this Agreement, HFDC shall make available to Estate without charge the Master Plan materials. It is expressly understood that the STATE reserves the right to acquire the Property by eminent domain.
- 14. Costs. Each party shall pay its own attorneys' fees and court costs. Estate shall pay for the cost of the preliminary title report on the Property. STATE shall pay all costs for any title insurance requested by STATE at closing. Except as specifically provided herein, STATE shall be responsible for paying all other costs associated with acquiring, developing and using the Property, including, without limitation, the costs of preparing the Master Plan and Deed under Threat of Condemnation delineating any required easements, and processing subdivision and land use applications through all State or County agencies, including the Land Court of the State of Hawaii, excluding, however, any cost incurred or to be incurred by the Estate.
- 15. <u>Prorations</u>. Real property taxes and all assessments and other expenses with respect to the Property shall be prorated as of the date of filing the Deed under Threat of Condemnation and other required documents with the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
- 16. <u>Notices</u>. All communications hereunder will be in writing and shall be deemed duly communicated when sent by certified or registered mail, postage prepaid, addressed:

If to Estate:

The Estate of James Campbell 828 Fort Street Mall, Suite 500 Honolulu, Hawaii 96813 Attention: Chief Executive Officer

with a copy to:

Carlsmith, Wichman, Case,
Mukai and Ichiki
2200 Pacific Tower
Bishop Square
1001 Bishop Street
Honolulu, Hawaii 96813
Attention: Patricia Devlin, Esq.

If to HFDC:

Housing Finance and Development Corporation 1002 North School Street Honolulu, Hawaii 96817

with a copy to:

Department of the Attorney General Land/Transportation Division 465 South King Street, Room 300 Honolulu, Hawaii 96813 Attention: Johnson H. Wong, Esq.

If to DOT:

Department of Transportation 869 Punchbowl Street Honolulu, Hawaii 96813

If to STATE:

Department of Land and Natural Resources 1151 Punchbowl Street Honolulu, Hawaii 96813

or, in each case, to any address as may hereunder have been designated most recently. Any communications so mailed shall be deemed delivered four (4) business days after mailing.

- 17. Time of Essence. Time is of the essence in this Agreement.
- 18. Exhibits. All Exhibits attached hereto are made a part hereof.
- 19. Entire Agreement. This Agreement and the Exhibits attached hereto constitute the entire agreement of the parties and replace any prior written or oral agreement of the parties with respect to the matters set forth herein.
- 20. <u>Amendments</u>. Any amendments to this Agreement shall be in writing and signed by the parties hereto.
- 21. <u>Construction; Paragraph Headings</u>. The use of any pronoun herein shall include any and all pronouns and the singular shall include the plural and vice versa, as the context may require. Paragraph headings are inserted only for convenience in reference.

- 22. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Hawaii.
- 23. <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original, and said counterparts together shall constitute one and the same instrument.
- 24. No Party Deemed Drafter. No party shall be deemed the drafter of this Agreement. If this Agreement is ever construed by a court of law, such court shall not construe this Agreement or any provisions hereof against any party as drafter.
- 25. Benefit; Liability. This Agreement and all of the terms, covenants and conditions hereof shall extend to the benefit of and be binding upon the respective successors in trust and permitted assigns of the parties hereto. Any liability which may arise as a consequence of the execution of this instrument by or on behalf of the Trustees Under the Will and of the Estate of James Campbell, Deceased, shall be a liability of the Estate of James Campbell and not the personal liability of any trustee, corporate officer of a trustee, or employee of the Estate of James Campbell.
- 26. Authority to Execute. Each person executing this Agreement on behalf of a party represents and warrants that such person is duly and validly authorized to do so on behalf of the entity it purports to so bind and if such party is a partnership, corporation or trustee has full right and authority to enter into this Agreement and perform all of its obligations hereunder.

Survival. The agreements and obligations of the parties hereunder shall survive closing. IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above. HOUSING FINANCE AND TRUSTEES UNDER THE WILL AND OF DEVELOPMENT CORPORATION THE ESTATE OF JAMES CAMPBELL, DECEASED, acting in their fiduciary and not in their individual corporate capacities F. E. TROTTER, INC. "HFDC" STATE OF HAWAII DEPARTMENT OF TRANSPORTATION W. H. McVAY, INC. "DOT" P. R. CASSIDAY, INC. STATE OF HAWAII Its CHAIRPERSON AND MEMBER Board of Land and Natural Resources H. C. CORNUELLE, INC. Its Member (Board of Land and G Natural Resources APPROVED BY THE BOARD OF "Estate" LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON CARLSMITH, WICHMAN, CASE, MUKAI AND ICHIKI

eputy Attorney general

APPROVED AS TO FORM:

IVAN LUI-KWAN

APPROVED AS TO FORM:

PAT DEVLIN

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU)

On this 6th day of July , 1989, before me appeared Fred E. Trotter, W. H. McVay, P. R. Cassiday and H. C. Cornuelle, to me personally known, who, being by me duly sworn did say that Fred E. Trotter, W. H. McVay, P. R. Cassiday and H. C. Cornuelle are President, sole shareholder and sole director of F. E. TROTTER, INC., W. H. McVAY, INC., P. R. CASSIDAY, INC. and H. C. CORNUELLE, INC., respectively, Hawaii professional corporations and Trustees under the Will and of the Estate of James Campbell, Deceased; that the foregoing instrument was signed by each of the persons listed as appearing before me in the respective capacity above indicated (that is, as President of a Hawaii professional corporation which is a Trustee); that said corporations are corporations without seals; that the President of each and every corporation which is a signatory hereto acknowledged that the aforesaid instrument was signed on behalf of said corporation with the authority of the sole shareholder and director and as the free act and deed of said corporation as such Trustee.

Lydia L. Hannemann Notary Public, State of Hawaii

My Commission expires: Feb. 11, 1992



STATE OF HAWAII

DEPARTMENT OF LAND AND NATURAL RESOURCES

P 0. BOX 621 HONOLULU. HAWAII 96809

1 1988

ENVIRONMENTAL AFFAIRS CONSERVATION AND RESOURCES ENFORCEMENT CONVEYANCES FORESTRY AND WILDLIFE LAND MANAGEMENT STATE PARKS

WATER AND LAND DEVELOPMENT

WILLIAM W. PATY, CHAIRPERSON

BOARD OF LAND AND NATURAL RESOURCES LIBERT K. LANDGRAF DEPUTY

AQUACULTURE DEVELOPMENT

PROGRAM AQUATIC RESOURCES

CONSERVATION AND

The Estate of James Campbell 828 Fort Street Mall Suite 500 Honolulu, Hawaii

Chief Executive Officer Attention:

Gentlemen:

Subject: Proposed Acquisition of Campbell Estate Lands,

Honouliuli, Ewa, Oahu

For the past year or so, the State of Hawaii has been planning the acquisition of some 830 acres of Campbell Estate lands situate at Honouliuli, Ewa, Oahu for the proposed development of the Kapolei Village project.

As you know, the area in question is located makai of Farrington Highway, north of Barbers Point Naval Air Station and directly east of your proposed Kapolei Town Center development. Attached is a map and metes and bounds description of this 830 acres.

As part of the State's proposed development, the Board of Land and Natural Resources at its July 22, 1988 meeting, agenda Item F-9 (copy attached) authorized the acquisition by either negotiation or condemnation of the subject 830 acres including certain other Honouliuli lands owned by Campbell Estate.

This is to formally notify you that the State will initiate condemnation action to acquire the 830 acres unless satisfactory agreement can be reached to purchase this property for a sum of Sixteen Million One Hundred Thousand (\$16,100,000.00) Dollars.

Also, we understand that the entire area is presently under lease to Oahu Sugar Company for sugar cane cultivation purposes. Please furnish us with a copy of the lease(s) covering this area.

The Estate of James Campbell Page Two

We would appreciate receiving a response within thirty (30) days from date of this letter.

Very truly yours,

WILLIAM W. PATY, Chairperson Board of Land and Natural Resources

Attachment

cc: Mr. J. Douglas Ing

Mr. Moses Kealoha

Housing Finance and Development

Corporation

Office of State Planning

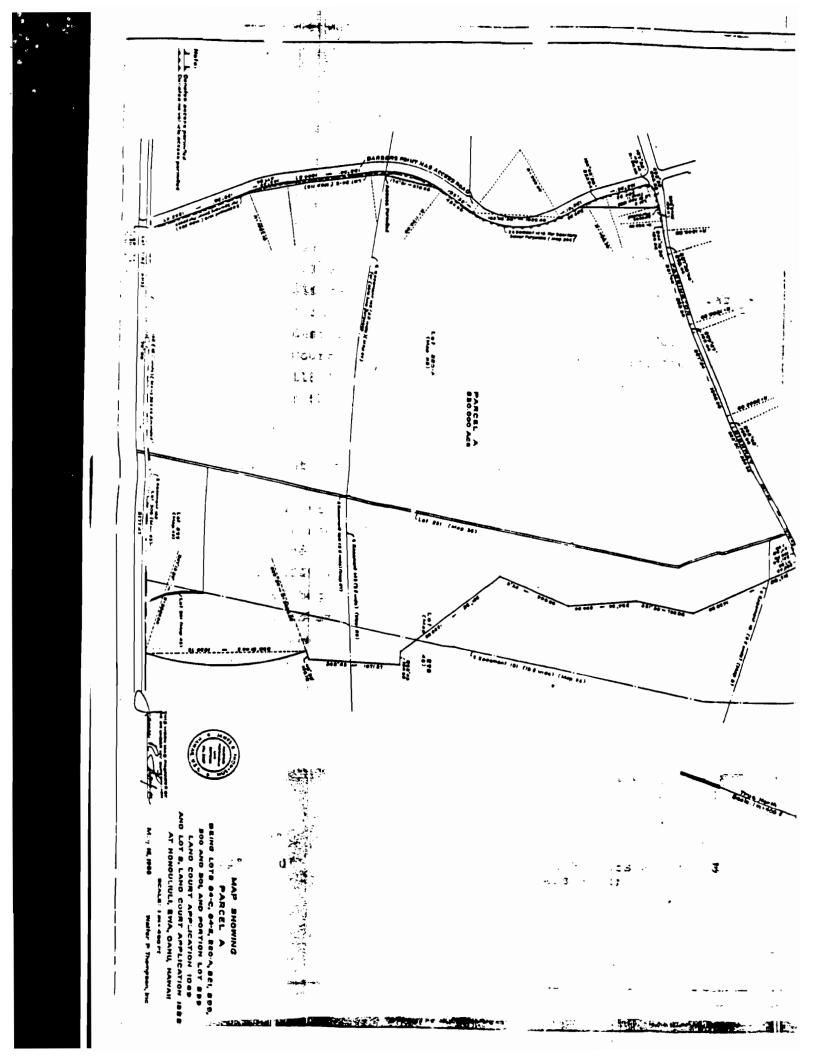


EXHIBIT B

DESCRIPTION OF PARCEL A

ALL that certain piece of parcel of land being Lots 84-C, 84-E, 220-A, 221; 299, 300 and 301 and a portion of Lot 298 as shown on Maps 118, 36 and 45 respectively of Land Court Application 1069 and Lot 2 as shown on Map 1 of Land Court Application 1828 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and being a portion of the lands described in Owners Certificate of Title No. 15,790 (Land Court Application 1069) and Transfer Certificate of Title 9/15/92 No. 118,117 (Land Court Application 1828) issued to the Trustees under the Will and of the Estate of James Campbell, 6/03/93 deceased.

61031 93 12(14)93 814195

Situate at Honouliuli, Ewa, Oahu, Hawaii.

Beginning at the southwest corner of this parcel of land being also the southeast corner of the Barbers Point NAS Access Road and on the northerly side of Exclusion 2 of Land Court Application 1069 (Railroad Right-of-Way) the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAPUAI NEW" being 18,623.87 feet South and 1,502.92 feet East and thence running by azimuth measured clockwise from true South:

28. 138° 30' 1252.47 feet along Barbers Point NAS Access Road;

Thence along Barbers Point NAS Access Road on a curve to the right with a radius of 1957.19 feet, the chord azimuth and distance being

- 29. 145° 30′ 477.04 feet;
- 30. 152° 30' 1006.27 feet along Barbers Point NAS Access Road;

Thence along Barbers Point NAS Access Road on a curve to the right with a radius of 1190.00 feet, the chord azimuth and distance being

31. 174° 01' 872.92 feet;

32.	195°	32'	454.02	reet	arong	Barbers	Point	NAS	Access
					Road;				

Thence along Barbers Point NAS Access Road on a curve to the left with a radius of 960.00 feet, the chord azimuth and distance being

- 33. 163° 06' 30" 1029.49 feet;
- 34. 130° 41' 359.56 feet;

Thence along Barbers Point NAS Access Road on a curve to the right with a radius of 1190.00 feet, the chord azimuth and distance being

- 35. 136° 48′ 30″ 253.94 feet;
- 36. 142° 56' 504.95 feet along Barbers Point NAS Access Road;

Thence along the southeast intersection of Barbers Point NAS Access Road and Farrington Highway on a curve to the right with a radius of 80.00 feet, the chord azimuth and distance being

- 37. 187° 56' 113.14 feet;
- 38. 232° 56' 203.55 feet along Farrington Highway;

Thence along Farrington
Highway on a curve to the
right with a radius of 988.00
feet, the chord azimuth and
distance being

- 39. 238° 37′ 45″ 196.11 feet;
- 40. 244° 19' 30" 126.56 feet along Farrington Highway;

Thence along Farrington Highway on a curve to the left with a radius of 1340.00 feet,

the chord azimuth and distance being

41.	237°	59′	45"	295.44	feet	;
42.	231°	40′		855.50	feet	along Farrington Highway;
						Thence along Farrington Highway on a curve to the left with a radius of 1665.00 feet, the chord azimuth and distance being
43.	229°	47′		109.44	feet	;
44.	227°	54′		1095.00	feet	along Farrington Highway;
						Thence along Farrington Highway on a curve to the left with a radius of 2085.00 feet, the chord azimuth and distance being
45.	225°	42′		160.08	feet	;
46.	223°	30′		590.36	feet	along Farrington Highway;
47.	221°	50′		1076.43	feet	along Farrington Highway;
48.	311°	50′		5.00	feet	along Farrington Highway;
49.	221°	50′		100.00	feet	along Farrington Highway;
						Thence along Farrington Highway on a curve to the left with a radius of 2894.79 feet, the chord azimuth and distance being
50.	220°	40′		117.88	feet	;
51.	315°	00′		1430.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
52.	351°	30′		700.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
53.	334°	30′		800.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;

54.	3°	35′	900.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
55.	301°	30′	1500.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
56.	252°	45′	150.50	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
57.	342°	45′	1071.27	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
58.	49°	30′	126.12	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
					Thence along the remainder of Lot 298, Ld. Ct. App. 1069 on a curve to the right with a radius of 3000.00 feet, the chord azimuth and distance being

- 59. 338° 21′ 44.5″ 1939.78 feet;
- 60. 70° 00' 5177.47 feet along Exclusion 2, Ld. Ct.
 App. 1069 (Railroad Right-ofWay) to the point of beginning
 and containing an area of
 830.000 acres.

SUBJECT, HOWEVER, to the following:

- A. Restriction of vehicular access along courses 1 through 12 of the above described parcel of land except as shown on Map 118 affecting Lots 84-C and 220-A of Land Court Application 1069.
- B. Portion of Easement 15 (5-feet wide) affecting Lot 298 of Land Court Application 1069 as shown on Map 3.
- C. Portion of Easement 143 (5-feet wide) affecting Lot 298 of Land Court Application 1069 as shown on Map 65.
- D. Easement 149 (5-feet wide) affecting Lot 220-A of Land Court Application 1069 as shown on Map 67.
- E. Easement 150 (50-feet wide) affecting Lot 221 of Land Court Application 1069 as shown on Map 67.

- F. Portion of Easement 191 (10-feet wide) affecting Lots 298, 299, 300 and 301 of Land Court Application 1069 as shown on Map 88.
- G. Portion of Easement 182 (15-feet wide) affecting Lots 220-A, 298, 300 and 301 of Land Court Application 1069 as shown on Maps 36 and 45 (Amended).
- H. Easement 1415 affecting Lot 220-A of Land Court Application 1069 as shown on Map 395.
- I. Easement 1416 affecting Lots 84-C, 84-E and 220-A of Land Court Application 1069 as shown on Map 395.
- J. Any and all recorded or unrecorded encumbrances which may be shown by a Title Report.

EXHIBIT C

ADDITIONAL PROPERTY

(DESCRIPTION OF PARCEL 2)

ALL that certain piece or parcel of land being a portion of Lot 298 of Land Court Application 1069 as shown on Map 45 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and being a portion of the lands described in Owners' Certificate of Title No. 15,790 issued to the Trustees under the Will and of the Estate of James Campbell, deceased.

Situate at Honouliuli, Ewa, Oahu, Hawaii.

Beginning at the north corner of this parcel of land and on the southeasterly side of Farrington Highway, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAPUAI NEW" being 9882.09 feet South and 2605.63 feet East and thence running by azimuths measured clockwise from true South:

1.	310°	55′	40"	2832.56	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
2.	3 42°	45′		2311.23	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
3.	72°	45′		150.50	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
4.	121°	30′		1500.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
5.	183°	35′		900.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;
6.	154°	30′		800.00	feet	along the remainder of Lot 298, Ld. Ct. App. 1069;

7. 171° 30′ 700.00 feet along the remainder of Lot 298, Ld. Ct. App. 1069;

8. 135° 00′ 1430.00 feet along the remainder of Lot 298, Ld. Ct. App.

Lot 298, Ld. Ct. App. 1069 to the point of beginning and containing an area of 58.001 acres.

SUBJECT, HOWEVER, to the following:

- A. Portion of Easement 15 (5-feet wide) as shown on Map 3 over and across the northerly boundary of the above described parcel of land.
- B. Portion of Easement 191 (10-feet wide) as shown on Map 88 over and across the southerly boundary of the above described parcel of land.
- C. Any and all recorded or unrecorded encumbrances which may be shown by a Title Report.

STATE OF HAWAII

DEPARTMENT OF LAND AND NATURAL RESOURCES
P O BOX 621
HONOLULU, HAWAH 96809

March 28, 1989

WILLIAM W. PATY, CHAIRPERSON BOARD OF LAND AND NATURAL RESOURCES

L BERT K. LANDGRAF

3 JUACULTURE DEVELOPMENT PROGRAM
ADJUATIC RESOURCES
CONSERVATION AND
ENVIRONMENTAL AFFAIRS
CNSERVATION AND
RESOURCES ENFORCEMENT
CONVEYANCES
FORESTRY AND WILDLIFE
AND MANAGEMENT
STATE PARKS
MATER AND LAND DEVELOPMENT

The Estate of James Campbell 328 Fort Street Hall Suite 500 Honolulu, Hawaii 96813

Actention: Clinton R. Churchill,

Chief Executive Officer

Gentlemen:

Re: Proposed Acquisition of Campbell Estate Lands, Honouliuli, Ewa, Oahu

For the past year or so, the State of Hawaii has been planning the acquisition or some 58 acres of Campbell Estate lands situate at Honouliuli, Ewa, Cahu, adjacent to the Campbell Estate lands to be condemned by the State for the proposed development of the Kapolei Village project.

As you know, the area in question is within the area generally known as East Kapolei, located makai of Farrington Highway, north or Barbers Point Naval Air Station and east of your proposed Kapolei Town Center development and the State's proposed Kapolei Village development. Attached is a map and metes and bounds description of this 58 acres.

As part of the State's proposed development, the Board of Land and Natural Resources at its July 22, 1988 meeting, agenda Item F-9, authorized the acquisition by either negotiation or condemnation of East Kapolei, including the subject 53 agres.

This is to formally notify you that the State will initiate condemnation action to acquire the 58 acres unless satisfactory agreement can be reached to purchase this property for a sum of the Million One Hundred Twenty-Five Thousand Two Hundred and No/100 (\$1,125,200.00) Dollars.

The Estate of James Campbell March 28, 1989
Page 2

Also, we understand that the entire area is presently under lease to Oahu Sugar Company for sugar cane cultivation purposes. Please furnish us with a copy of the lease(s) covering this area.

We would appreciate receiving a response within thirty (30) days from date of this letter.

Very truly yours,

WILLIAM W. PATY, Chairperson of the Board of Land and Natural Resources

RYKY:am Attachment

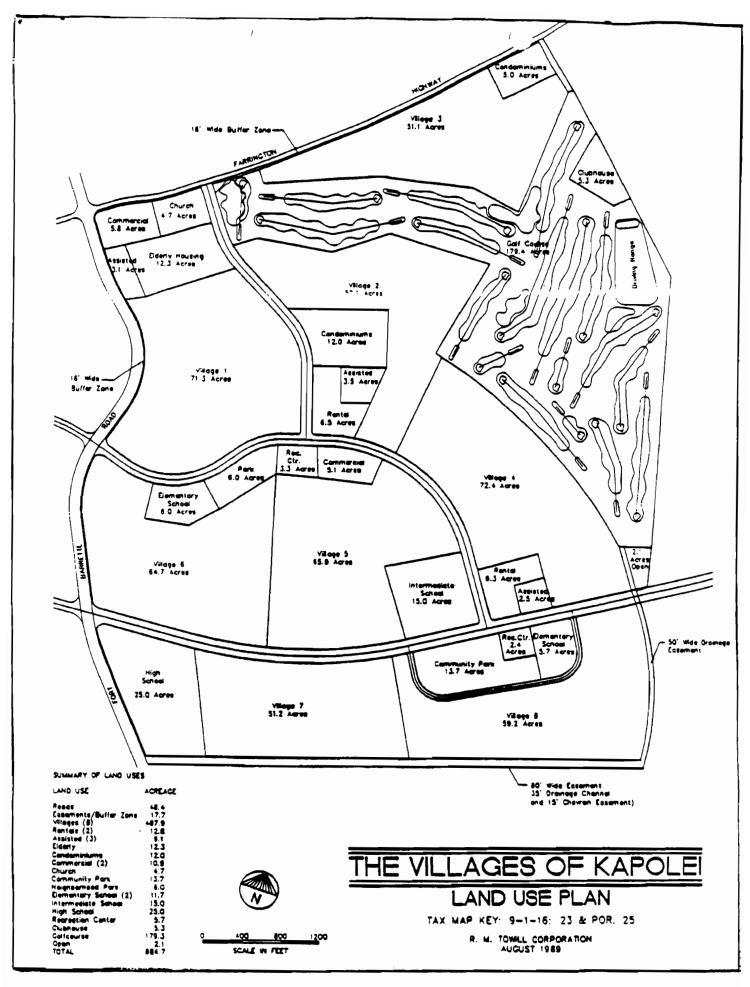
cc: Housing Finance and Development
Corporation '
Office of State Planning

The signature below indicates that F. E. Trotter, Inc., although not available at time of signing, fully concurs with fellow trustees' execution of "Housing Finance and Development Corporation-Campbell Estate, Kapolei Village Condemnation Agreement" dated April 11, 1989.

F. E. TROTTER, INC.

By /ref

Date



5. LAND USE COMMISSION ORDER	

NO

'90 JUN 7 AM 9 17

ON CENTRAL 34 1501 L 349311

Return by Mail () Pickup (X)

REGULAR SYSTEM

DEPT. OF LAND AND NATURAL RESOURCES. LAND MANAGEMENT DIVISION

Affects: Land Court TCT NO. 341,501 and a portion of 349,311 T.M.K.: 9-1-16:23; 9-1-16:35; 9-1-59:1 through 97 inclusive and 9-1-60:1 through 75 inclusive.

TO:

DECLARATION OF CONDITIONS IMPOSED BY THE LAND USE COMMISSION

The STATE OF HAWAII, by its Board of Land and Natural Resources (hereinafter "Owner") and the Housing Finance and Development Corporation, (hereinafter "Petitioner-Owner"), a public body and body corporate and politic of the State of Hawaii, in the matter of the Petition of Housing Finance and Development Corporation, State of Hawaii, before the Land Use Commission of the State of Hawaii, Docket No. A88-622 hereby submit this declaration for recordation pursuant to Section 205-4(g), Hawaii Revised Statutes and Subsection 15-15-92 of the Land Use Commissions' Rules, and the Findings of Fact, Conclusions of Laws and Decision and Order filed and entered by the Land Use Commission on August 23, 1988 (hereinafter "Order").

An accurate and complete copy of the Land Use Commissions' Findings of Fact, Conclusions of Law, and Decision and Order and the conditions imposed therein, is attached hereto as Exhibit "A" and incorporated by reference herein.

This Declaration and said Order and the conditions imposed therein affect the real property at Honouliuli, Ewa, Oahu, State of Hawaii, being portions of

Description

Lots 84-E, 221, 299, 300, and 301 as shown on Maps 118, and 301 as shown on Maps 118, 36 and 45 respectively of Land Court Application 1069 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii in Transfer Certificate of Title 341,501;

Lot 2 as shown on Map 1 of Land Court Application 1828 filed as aforesaid in Transfer Certificate of Title 341,501;

Lots 5349 through 5356 inclusive as shown on Map 505 of Land Court Application 1069 filed as aforesaid in Transfer Certificate of Title 341,501;

Lots 5357 through 5524 inclusive Lots 5525 through 5528 inclusive, and Lots 5529 through 5542 inclusive all as shown on Map 507 of Land Court Application 1069 filed as aforesaid in Transfer Certificate of Title 341,501 and

Lot 298-B of Land Court Application 1069 filed as aforesaid in Transfer Certificate of Title 349,311

Transfer Certificate of Title No. T.M.K. No.

The T.M.X numbers for the affected are: affected lots are: 9-1-16: Parcel 23; 9-1-16: Parcel 35; 9-1-16: Parcels 1 through 97 inclusive and 9-1-60: Parcels 1 through 75 inclusive.

The TCT No. TCT No. 341,501 and 349,311

Said real property is more particularly described in the metes and bounds description attached hereto as Exhibit "B" and incorporated by reference herein.

IN WITNESS WHEREOF, the STATE OF HAWAII, by the Chairperson of the Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused to be duly executed this 6th day of Quae, 1990.

OWNER OF LOT 2988 STATE OF HAWAII

WILLIAM Chairperson and Member Board of Land and Natural

Resources

OWNER OF LOTS 2, 84-E, 221, 299, 300 and 301 and LOTS 5349 through 5542 inclusive HOUSING FINANCE AND DEVELOPMENT CORPORATION

PS

COMANT Executive Director

APPROVED AS TO FORM:

But J. Lan BURT T. LAU

Deputy Attorney General

STATE OF HAWAII) SS.
CITY AND COUNTY OF HONOLULU)

On this standard of June , 1990, before me appeared JOSEPH K. CONANT, to me personally know, who being by me duly sworn, did say that he is the EXECUTIVE DIRECTOR of HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic; that the seal affixed to the foregoing instrument is the corporate seal of said HOUSING FINANCE AND DEVELOPMENT CORPORATION; that said instrument was signed and sealed in behalf of said HOUSING FINANCE AND DEVELOPMENT CORPORATION, by authority of its Directors and the said JOSEPH K. CONANT, acknowledged said instrument to be the free act and deed of said HOUSING FINANCE AND DEVELOPMENT CORPORATION.

Notary Public, State of Hawaii

My commission expires: 7-13-91

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of

HOUSING FINANCE AND DEVELOPMENT CORPORATION, STATE OF HAWAII

To Amend the Agricultural Land Use)
District Boundary into the Urban)
Land Use District for Approximately)
830 Acres of Land at Honouliuli,)
Ewa, Oahu, State of Hawaii, Tax)
Map Key Numbers: 9-1-16: 23 and)
Portion of 25

DOCKET NO. A88-622

HOUSING FINANCE AND DEVELOPMENT CORPORATION, STATE OF HAWAII

This is to certify that this is a true and correct copy of the Decision and Order on file in the office of the State Land Use Commission, Honolulu Hawaii.

AUG 2 3 1988 by Executive Officer

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION AND ORDER

EXHIBIT "A"

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWALL

In the Matter of the Petition of HOUSING FINANCE AND DEVELOPMENT CORPORATION, STATE OF HAWAII

To Amend the Agricultural Land Use)
District Boundary into the Urban)
Land Use District for Approximately)
830 Acres of Land at Honouliuli,)
Ewa, Dahu, State of Hawaii, Tax)
Map Key Numbers: 9-1-16: 23 and)
Portion of 25

DOCKET NO. A88-622

HOUSING FINANCE AND DEVELOPMENT CORPORATION, STATE OF HAWAII

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION AND ORDER

The Housing Finance and Development Corporation, State of Hawaii (hereinafter "Petitioner"), a public body and a body corporate and politic with perpetual existence placed within the Department of Business and Economic Development of the State of Hawaii, filed a Petition on May 16, 1988, pursuant to Chapters 205 and Section 201E-210 of the Hawaii Revised Statutes, as amended ("HRS"), and the Hawaii Land Use Commission Rules, Hawaii Administrative Rules Title 15, Subtitle 3, Chapter 15, as amended ("Commission Rules") to amend the Land Use District Boundary to reclassify approximately 830 acres of land situate at Honouliuli, Ewa, Dahu, City and County of Honolulu, State of Hawaii, Tax Map Key Numbers: 9-1-16: parcel 23 and portion of parcel 25 (hereinafter "Property"), from the Agricultural

District to the Urban District for a residential community, referred to as "Kapolei Village", for the primary purpose of providing affordable housing. The Land Use Commission (hereinafter "Commission"), having heard and examined the testimony and evidence presented during the hearings, the parties' proposed findings of fact, conclusions of law and decision and order, hereby makes the following findings of fact:

FINDINGS OF FACT

PROCEDURAL MATTERS

- 1. On March 16, 1988, Petitioner filed its Notice of Intent to File a Land Use District Boundary Amendment Petition, Affidavit of Publication and Affidavit of Mailing in accordance with Subchapter 13 of the Commission Rules.
- 2. The Commission conducted hearings on this Petition on June 21 and 22, 1988 pursuant to a notice published in the Honolulu Star-Bulletin on May 20, 1988.
- 3. The Commission received two (2) timely Petitions for Intervention. The Department of Navy (hereinafter referred to as "Navy") filed its Petition to Intervene and Notice for Fee Waiver on June 6, 1988. The Standard Oil Company of California, Inc. (hereinafter referred to as "Chevron") filed its Petition for Intervention on June 6, 1988 and Chevron's Supplemental to Petition for Intervention on June 13, 1988. The Commission allowed both the Navy and Chevron to intervene as parties in this proceeding on June 21, 1988. The Commission also waived the filing fee requirement for the Navy.

4. The Commission received three (3) untimely requests to appear as public witnesses. The letters of Teruo Kawata, and Donald P. Hart were accepted into evidence by the Commission on June 21, 1988 and the letter of Elizabeth Ann Stone was accepted into evidence by the Commission on June 28, 1988. The Commission also allowed a letter from Oswald Stender to be accepted into evidence on June 21, 1988.

- 5. The Property is located near the center of the Ewa Plain, approximately 22 miles west of Honolulu, directly north, of the Naval Air Station Barbers Point (NASBP), south of the Makakilo residential community and directly east of the proposed Kapolei Town Center.
- 6. The Property is currently in sugarcane cultivation by the Oahu Sugar Company. The Property consists of five (5) cane fields with net field acreage estimated at about 775 acres. All fields are currently planted in cane with harvesting dates ranging from November 1987 to November 1989.
- 7. The Property is owned by the Estate of James Campbell and is leased to Oahu Sugar Company.

Easements on the Property include: Chevron's 15-foot wide easement for pipeline use runs along the southern boundary of the Property and the Navy's easement for potable water transmission runs from north to south through the Property.

8. The Property ranges in elevation from approximately 50 feet above mean sea level at the southern

boundary rising to approximately 115 feet above mean sea level at the northeast corner adjacent to Farrington Highway.

- 9. The average slope of the Property is less than one percent.
- 10. The Property and the surrounding Ewa Plain area experience relatively light rainfall estimated at 20 inches per year.
- II. The U.S. Soil Conservation Service Soil Survey classifies soils on the Property as (1) Ewa silty clay (EaB, EmA, EwA) with 0 to 6 percent slopes which is used for sugarcane, truck crops and pasture; (2) Honouliuli clay (HxA, HxB) with 0 to 6 percent slopes which is used for sugarcane, truck crops and pasture; (3) Waialua silty and stony silty clay (WkA, WI3) with D to 8 percent slopes which is used for sugarcane, pineapple and pasture; (4) Waipahu silty clay (WzA) with O to 2 percent slopes which is used for sugarcane; (5) Molokai silty clay loam (MuC) with O to 3 percent slopes which is used for sugarcane, pineapple and pasture; (6) Mamala stony silty clay loam (MnC) with 0 to 12 percent slopes which is used for sugarcane, truck crops and pasture; (7) Kawaihapai stony silty clay loam (KlaB) with 2 to 6 percent slopes which is used for sugarcane, truck crops and pasture; and (8) Coral Outcrop (CR). The majority of crop capability classifications (i.e., . general suitability for most kinds of crops) for these soils range from I (soils with few limitations) to IIIe (soils with severe erosion hazard), when irrigated.

- 12. The Land Study Bureau's Detailed Land Classification_designates land within the Property as having Overall Master Productivity ratings and land types of A691 (249 acres), Alli (329 acres), Bl6i (254 acres) and E115. These designations indicate that most of the Property has good to very good productivity potential for agricultural activities, if Irrigated.
- 13. The Agricultural Lands of Importance to the State of Hawaii (ALISH) system classifies land on the Property as Prime (591 acres), Gther Important (209 acres), and Unique. Approximately 30 acres of the Property, which include areas of coral outcrop, are not classified under the ALISH system.
- 14. The Property is designated within Zone D by the Flood Insurance Rate Map for the City and County of Honolulu prepared under the Federal Insurance Administration Study. Zone D represents areas of undetermined but possible flood nazard.

 DESCRIPTION OF THE PROPOSED DEVELOPMENT
- 15. Petitioner proposes to develop the Property as a master-planned residential community, under and in accordance with Chapter 201E, HRS to be known as Kapolei Village. Approximately 60 percent of the residential units are targeted at groups including the elderly, assisted (very low income and lower income) and gap-group income families. The remaining balance of approximately 40 percent will be sold at market prices.

16. Petitioner's proposed land uses and acreage allocations for the Property are as follows:

830 100%	•					
Single-family 449.0 8.3 3,722 76% Elderly 12.5 35.0 438 9% Rental 12.5 35.0 283 6% 20.0 255 5% 20.0 255 20.0 25	RESIDENTIA	Acreage	Percent of Site	Average Density	Units	Mix
OPEN SPACE 179 22% Golf Course 144 Golf Clubhouse 3 Recreation Centers (2) 5 Neighborhood Park (1) 6 Community Park (1) 14 Entry Feature/Buffer 6 CIVIC 14 2% Church & Day Care (4) 9 Park & Ride 5 SCHOOLS 52 6% Elementary (2) 12 Intermediate (1) 15 High (1) 25 COMMERCIAL 11 1% Neighborhood 3 Other Commercial 8 ROADWAYS 63 8% Major Internal 45 Major Internal 45 Ewa Parkway 18 ORAINAGE 10 11 18 ORAINAGE 10 1	 Single-family Elderly Multi-family Rental Assisted 	449.0 12.5 18.9 12.5	60 % ·	8.3 35.0 15.0 20.0	3,722 438 283 255	100% 76% 9% 6% 5%
Church & Day Care (4) 9 2% Park & Ride 5 SCHOOLS Elementary (2) 52 6% Intermediate (1) 15 High (1) 25 COMMERCIAL 11 1% Neighborhood 3 1% Other Commercial 8 ROADWAYS Major Internal 45 63 8% Ewa Parkway 18 ORAINAGE 10 1% 830 100%	Golf Course Golf Clubhouse Recreation Centers (2) Neighborhood Park (1) Community Park (1)	144 3 5 6 14	22%			
Elementary (2)	Church & Day Care (4)	9	2%			
Neighborhood 13 1% Other Commercial 8 ROADWAYS Major Internal 45 8% Ewa Parkway 18 DRAINAGE 10 1% 830 100%	<pre>P Elementary (2) P Intermediate (1)</pre>	12 15	6 %			•
• Major Internal 63 8% • Ewa Parkway 18 DRAINAGE 10 1% 830 100%	 Neighborhood 	3	1%			
830 100%	Major Interest	45	8%			
	DRAINAGE					

1-7. Petitioner has not set selling prices for the residential units. However, Petitioner's emphasis is on affordable housing which targets those families earning 140 percent and below the median income for the Island of Oahu as

established by the U.S. Department of Housing and Urban Development (HUD). Petitioner offered the following suggested range of sales prices for Dahu based on the current HUD's median income of \$36,500 for a family of four:

AFFORDABLE HOME PRICES BASED ON INCOME 93DU

INCOME GROUP	AFFORDABLE HOME PRICES		
	9% Interest	10% Interest	
Low	\$97,100	\$89,000	
Low-Moderate	\$97,100 - \$152,500	\$89,000 ~ \$139,800	
Moderate	\$152,500 - \$180,200	\$139,800 - \$165,300	

These estimates of affordable home prices are based on the following assumptions:

- 1. A 10% down payment
- 2. A 30-year, fixed rate mortgage loan
- A customer trust fund of \$100 per month (for real property taxes, insurance, maintenance, and other reserves).
- A 3:1 qualifying ratio. That is, income must be 3 times the total monthly payment.
- 18. Petitioner proposes to situate the market residential units along golf course fairways to maximize value while the multi-family residential units will be located adjacent to major public facilities such as schools, shopping

areas, recreation centers, churches and day care facilities. Additionally, all rental units will be located adjacent to major public facilities and readily accessible to public transportation.

- 19. Excess revenues from the sale of market units may be used to reduce the cost of affordable residential units.
- 20. The proposed golf course will be primarily for drainage control and will be located within the NASBP Accident Potential II Zone. The existing Navy potable water transmission pipeline within the golf course area will be rerouted before golf course construction.
- 21. Petitioner proposes to develop Kapolei Village over a 15-year period starting at the northern area and progressing south towards NASBP. Six increments are proposed with each increment containing a range of housing types consistent with the findings of Petitioner's Market Study. Petitioner projects construction to start in late 1988 with the first home available in late 1989.

DEVELOPMENT COST AND PROJECT FINANCING

22. Petitioner estimates the total cost for the development of Kapolei Village in 1988 dollars to be \$534,100,000 including land acquisition cost, on- and off-site improvements, construction costs and administrative expenses. The preliminary budget for Kapolei Village is as follows.

Village by using the following State resources: (1) Land acquisition will be funded through a general fund appropriation of \$61 million, of which \$16.1 million will be used to purchase the Property (The Department of Land and Natural Resources is the expending agency); (2) The \$120 million Homes Revolving Fund will support the development of off-site and on-site infrastructure; (3) The Dwelling Unit Revolving Fund (DURF), as well as the Homes Revolving Fund will be used for the construction of dwelling units; (4) Tax exempt revenue bonds may be issued to finance the development of rental housing projects; and (5) The Rental Assistance Revolving fund may be utilized to subsidize rents for qualified families in the newly constructed rental projects. Additionally, federal funds, if available will be used to develop assisted housing projects.

NEED FOR THE PROPOSED DEVELOPMENT

Residential Demand

24. Petitioner's market analysis estimates total population for Oahu to increase from 833,000 in 1987 to 954,000 by 2005, with a potential corresponding household increase of almost 59,000 from the current 280,000 households. Petitioner further estimates that with average annual demolition replacements of 600+ units and preferred vacancy factors of 5% for new units, the average annual housing need for Oahu for new housing is estimated at 4,000 units.

Based on projections by the City and County of Monolulu Department of General Planning, Ewa should account for 30-35% of the total Dahu nousehold growth. Assuming that the demand for housing in Ewa is similar to Dahu as a whole, the annual demand by price range for 1987-2007 for Ewa is estimated at 1,200 - 1,400 units as follows:

EWA ANNUAL NEW HOUSING DEMAND BY PRICE RANGE AVERAGE 1987-2007

Income Levels	Approximate Home Prices	Percer House Holds	- New	Annua New Hous 1	•
Under \$27,300 \$27,300-40,920 \$40,920-55,575 \$55,575+	Rental \$79,500-125,500 \$125,500-175,000 \$175,000+	47	11,280-15,160 7,680- 8,960 3,600- 4,200 1,440- 1,680	384-	658 448 210 84
	TOTA	L	24,000-28,000	1,200-1	. 400

25. Petitioner estimates that over the next 20+ years, approximately 47,000 housing units are proposed for development

in Ewa and Central Oahu. This projected supply consists of 30,461 units for Ewa and 16,516 units for Central Oahu or an average of 2,350+ units per year, consisting of 1,525+ units for Ewa and 825+ units for Central Oahu.

26. Petitioner believes the projected supply should be adjusted as follows:

- Inclusion of Waikele and Village expansion, which are located in Central Dahu, but adjacent to Ewa.
- Exclusion of Ko'Olina, due to the luxury nature of the development.
- Exclusion of Ewa Town Center, due to the housing component being a long-range project that may not start in the time frame being considered.

These adjustments result in a revised projection for the Ewa area of $28,000\pm$ units over the next $20\pm$ years or an average annual supply of $1,400\pm$ units, which approximates the average expected demand of $1,200\pm1,400$ units per year.

27. However, when the market is segmented by price, the supply of lower priced dwelling units does not appear to be adequate. Petitioner estimates there may be an annual shortage of 481+ lower priced units in Ewa. This projected shortage consists of 198+ single-family detached units and 283+ multi-family units. The following table presents these potential differences:

POTENTIAL DIFFERENCES IN PROPOSED SUPPLY AND DEMAND FOR NEW HOUSING UNITS PRICED AT UNDER \$125,500

	0 -		DEK \$125,500
	Supply	Demand	Potential Difference
	250 375	448 	- 198 - 283
TOTAL	625	1,106	- <u>481</u>
	TOTAL	250 375 TOTAL 625	250 448 375 658 .

Over a 20-year period, these differences equate to potential shortages of 4,000+ single-family and 5,600+ multi-family dwelling units.

28. The proposed supply of single-family detached units, priced under \$125,500, is summarized below:

Project	roposed Single-Family Detached Units Priced Under \$125,300
Kapolei Village Waikele Gentry – Ewa West Loch Estates Village Park Expansion	2,200 1,030 900
This same	TAL 4,980

This proposed distribution, which may be understated based on recent market activity, highlights the significant role of Kapolei Village in providing lower priced, single-family detached housing in Ewa.

Based on the estimated supply of proposed housing, Kapolei Village will be the largest supplier of lower priced single-family detached housing in Ewa.

STATE AND COUNTY PLANS AND PROGRAMS

- 29. The Property is designated within an Agricultural District as reflected on Land Use Commission Official Map Number 0-6 Ewa.
- 30. The City and County of Honolulu's General Plan indicates that the "secondary urban center" should be located in the West Beach-Makakilo area to relieve developmental pressures In the urban-fringe areas.
- 31. The majority of the Property is designated as Agriculture on the Ewa Development Plan Land Use Map. Other . Development Plan designations of the Property include Commercial and Public Facility, located along Barbers Point Access Road.
- 32. The Property is currently zoned for agricultural use (AG-1 Restricted).
- 33. The Property is not located within the City and County of Honolulu Special Management Area.

IMPACTS UPON RESOURCES OF THE AREA

Agricultural Resources

34. Cahu Sugar Company (OSCO) currently manages approximately 14,200 acres of plantation land covering portions of Central Oahu, north of Pearl Harbor, and portions of the Ewa Plain including the Property, west of Pearl Harbor. Waimaralo Road, a major cane haul road, serves the majority of cane fields west of Fort Weaver Road. Fields west of the Property which continue in production will require access over Waimanalo Road through the Property for harvesting operations.

Petitioner's land leases from the Estate of James Campbell allow for partial withdrawal of lands for urbanization.

- 35. Petitioner believes the development of Kapolei Village would not adversely affect the economic viability of OSCO, nor would it require layoffs of sugar workers. Reductions in employment would occur through retirement and voluntary movement to other jobs. Over the long term, OSCO could accommodate a major reduction in acreage and maintain economies of scale by operating just one mill, rather than two.
- 36. The development of Kapolei Village on sugarcane acreage would eliminate the possibility of using these lands for diversified agriculture. However, Petitioner believes it is doubtful that this would adversely affect the growth of diversified agriculture in Hawaii because: (1) an extensive amount of prime-agricultural land and water have been freed from sugar and pineapple production because of past mill closings and reductions in operations; (2) a possibility that additional land and water will be freed from sugar production given the outlook for low sugar prices; and (3) compared to the available supply a very small amount of land and water is required to grow crops to achieve food and animal-feed self-sufficiency, and to increase exports.
- 37. There is potential for remaining sugarcane fields on the Ewa Plain that have not been urbanized to continue cane production after agricultural leases terminate. These remaining

fields will likely continue using Waimanalo Road for cane hauling through the Property or require an alternate route to transport harvest to the Waipahu Sugar Mill.

38. The State Department of Agriculture recommends that the proposed Kapolei Village be developed in phases to minimize adverse impacts to Dahu Sugar Company and to maintain Waimanalo Road to 1995.

Ground Water Resources

- 39. The Property is located within the Board of Water Supply's (BWS) Ewa-Waianae District and is served by an agricultural water system maintained by the Oahu Sugar Company.
- 40. Existing BWS infrastructure in the area includes: a 30-inch water main running along the northern side of Farrington Highway; the Makakilo No. 1 Booster, north of the project site, supplying water to the Makakilo residential community; and a 24-inch water line (withdrawal capacity: 5 million gallons per day) maintained by the Navy, providing potable water needs of NASBP.
- 41. The Ewa area lies within the Pearl Harbor Ground Water Control Area as designated by the Department of Land and Natural Resources, State of Hawaii (DLNR). Current groundwater pumpage has nearly reached the aquifer's sustainable yield.
- 42. According to Petitioner, the Estate of James Campbell has verbally agreed to provide 175,000 gallons of water per day to Kapolei Village at no cost. The Board of Water

Supply has committed 75,000 gallons of water per day for the first phase of the project. Additionally, water may be available from the Estate of James Campbell based on the Ewa (Regional) Water Master Plan.

- 43. Major proposed water facilities in the area include a second 30-inch water main paralleling the existing main along Farrington Highway and additional storage reservoirs located at an approximate elevation of 220 feet above sea level, located north of the H-1 Freeway.
- 44. Petitioner proposes to use non-potable water to fulfill the irrigation requirements of Kapolei Village. An application for water allocation approval is now pending before the DLNR. The sustainable yield for brackish water and sea water withdrawals for the coastal caprock sub-area has not yet been determined.
- 45. The Property is not a significant recharge area for the Pearl Harbor aquifer.

Flora and Fauna

46. Petitioner's Final Environmental Impact Statement (February 1988), indicates that the entire region has been drastically disturbed for more than 100 years and there is no semblance of any endemic ecosystems in the vicinity of the Property. None of the native flora found on the Property is considered rare, threatened or endangered.

According to Petitioner's wildlife study, there are no endemic forest birds on the Property and all of the mammals, land reptiles, and amphibians that occur are introduced.

Archaeological/Historical Resources

47. No potentially significant archaeological sites or features of any kind were encountered during Petitioner's reconnaissance survey of the Property. Petitioner believes that no further archaeological work of any kind is necessary, and recommends that full archaeological work clearance for the project area be granted. However, if previously unknown or unexpected subsurface cultural features or deposits are encountered, Petitioner will notify the Historic Sites office of the DLNR.

Scenic, Recreational, Cultural Resources

48. The predominant view from the site is of the Waianae Mountain Range located approximately three miles to the north. Other views include the primary urban center to the east; the Pacific Ocean to the south; and Puu Kapolei directly to the west.

A shortage of recreational facilities exists in the Makakilo area which results in the utilization of Ewa Beach facilities for many sports activities.

Air Installations Compatible Use Zone (AICUZ)

49. The U.S. Navy has prepared an Air Installations Compatible Use Zone (AICUZ) Study (1984) for NASBP. The NASBP

Alguz identifies significant noise contours and Accident Potential Zones (APZ) for areas under aircraft flight paths which have a higher than normal potential for aircraft accidents.

50. There are three Accident Potential Zones defined in the Navy's AICUZ of 1984.

The Clear Zone, the first 3000 feet at the end of the runway, represents the area of highest potential hazards and most land uses are precluded from this area.

The APZ I, a 5000 foot zone beyond the Clear Zone, defines an area of lesser hazard whereby all forms of residential uses are considered incompatible.

The APZ II, a 7000 foot zone beyond AP7 I, is considered less hazardous than APZ I but still possessing a level of risk sufficient to require density and use restrictions.

- 51. Approximately 106 acres of the Property are located within APZ II. An additional one-third acre of the Property at the extreme southeast corner lies within the APZ I zone. None of the Property lies within the Clear Zone.
- 52. Petitioner proposes to locate the golf course within the portion of the Property designated as APZ I and APZ II.
- 53. The Navy indicates the 1984 NASBP AICUZ projected 65 Ldn contour over the Property is no longer supported and provided a draft Ldn contour map (Navy's Exhibit 6) which reflects that no part of the Property is subject to 65 Ldn or

greater. The Navy pointed out that its draft noise contour map does not consider all future operations and is subject to change.

- 54. The Navy expressed concerns over the proximity of the proposed development to the NASBP. According to the Navy, noise generated from this installation and its aircraft operations will likely result in numerous noise complaints which may inhibit NASBP's operations.
- 55. Presently, aircraft operating at NASBP from parallel runways 04 right/22 left and 04 left/22 right overfly a portion of the Property.

In addition, maintenance on aircraft engines, approximately one-quarter mile from the makai boundary of the Property, is also a potential source of noise during Kona wind condicions.

one by the Navy, presented conflicting evidence on actual and projected noise impacts emanating from NASBP. Apparently each study utilized different standards or procedures which resulted in the increased or decreased apparent or projected noise impact. In addition, various assumptions are made on aircraft operations which are not utilized consistently. The potential for greater noise impacts is probable in the event military operations at NASBP increase. The Commander in Chief of the Pacific Fleet anticipates that NASBP will never be quieter than it is currently.

Other Noise Impacts

- 57. Canehaul trucks, which travel across the Property and along existing canehaul roads in the area, are the dominant source of noise during the harvesting season which occurs every 13 months. During the peak harvesting day of a 24-hour operation, canehaul truck noise levels could exceed acceptable levels.
- 58. Noise impacts generated from future traffic within Kapolei Village are expected to be relatively minor as development occurs. To effectively minimize noise impacts generated from automobiles, Petitioner proposes to construct perimeter walls around the project and sound attenuation barriers such as walls, earth berms and plant vegetation between housing units and roadways to mitigate traffic noise.
- impacts will be from construction activities. Construction vehicle activity will increase concentrations of pollutants in the vicinity of the Property. As the project is developed, increased vehicular traffic resulting from the development will be a major contributor to air pollutants. Petitioner will comply with Department of Health regulations to mitigate short term impacts from construction activities (e.g., fugitive dust). In addition, Petitioner will construct perimeter wall and barriers such as walls, earth berms and vegetation plant to alleviate air quality impacts.

- 60. Petitioner proposes to mitigate long term impacts to air quality resulting from increased vehicular traffic by improving road facilities in the vicinity of the project, and implementing a ride share program to reduce travel demands.
- 61. Petitioner anticipates additional adverse impacts on air quality from cane burning operations of nearby sugarcane fields. Petitioner proposes to inform prospective residents of this potential health hazard.

water Quality

- 62. Petitioner proposes to discharge all domestic wastewater into the City and County of Honolulu sewer system. Surface water runoff will be directed into the proposed municipal golf course drainage system for necessary detention and settlement. The urbanization of the Property poses no known risk of contamination to groundwater or coastal waters.
- 63. The Navy raised concerns that the proposed project may adversely impact its potable water source located north of the Property. Currently, this water source produces potable water at the maximum allowable chloride levels. However, it has not been shown that the development of the Property will adversely affect the Navy's water source.

ADEQUACY OF PUBLIC SERVICES AND FACILITIES

Highway and Roadway Facilities

64. The Property is served by Farrington Highway, a two-lane highway along the Property's northern boundary, and

NASBP Access road, a two-lane highway along the western boundary of the site. Further north of the Property is the H-1 Freeway allowing access via the Makakilo Interchange.

Bus service is available to the vicinity of Makakilo, Ewa and Ewa Beach.

- 65. Petitioner proposes to implement off-site improvements by upgrading the Makakilo Interchange on the H-1 Freeway, and widening and signalizing Farrington Highway and Fort Barrette Road. Approximately 5,250 lineal feet of Farrington Highway and 6,200 lineal feet of Fort Barrette Road will be widened.
- 66. Petitioner will seek funding for the necessary highway improvements from various federal, state and county agencies and will coordinate improvements with adjoining landowners.
- 67. Petitioner anticipates that the above improvements and the implementation of various programs to reduce transportation impacts such as ride sharing, high occupancy lanes, and public transportation will mitigate adverse traffic impacts as a result of the development of Kapolei Village.

 Water Service
- 68. The existing water system consists of a 30-inch transmission line on Farrington Highway which provides water to existing developments in the Ewa area as well as to the Waianae-Makaha area. The water source is comprised of wells

owned by the Estate of James Campbell and the Board of Water Supply.

69. Petitioner projects the total average water demand for Kapolei Village will be approximately 2.8 million gallons per day (MGD). The maximum daily demand will be 4.2 MGD and the peak hour demand will be 8.4 MGD.

Petitioner proposes on-site water improvements to include water lines and fire hydrants on the main streets. These improvements are comprised of 16- and 12-inch water lines connected to the 30-inch transmission line on Farrington Highway and to the proposed transmission line on Fort Barrette Road.

Petitioner states it will be responsible for funding all required water system improvements.

70. Petitioner has obtained tentative water commitment for the Increment I (150 units). However, water commitment for the remainder of the development has not been obtained. Water from the Board of Water Supply will be made available on a first come - first served basis, provided that there is sufficient . source availability at the time water is actually required. In addition, water from the Estate of James Campbell will be made available based on an Ewa (Regional) Water Master Plan.

71. The existing sewerage system includes the Makakilo Sewer Interceptor, the Ko'Olina Interceptor and the Honouliuli Wastewater Treatment Plant (WWTP). The Makakilo Interceptor

conveys the sewage produced from the Makakilo development to the Honouliuli WWTP via Fort Barrette Road and Renton Road. Petitioner projects the average daily sewage flow generated by the project will be 2.2 MGD. The peak flow will be 6.6 MGD.

- 72. Petitioner proposes that the sewage generated by the project be conveyed via the Ko'Olina Sewer Interceptor to the Honouliuli wwTP for treatment and disposal. The proposed off-site improvements include upgrading a portion of the Ko'Olina Sewer Interceptor Increment 2 to accommodate the flows from Kapolei Village.
- 73. Petitioner also proposes that the Ko'Olina Sewer Interceptor Increment 1 be upgraded to the east boundary of Kapolei Village. This upgrade is required to accommodate the additional flows from the proposed Kapolei Town Center development and is not part of the Kapolei Village off-site Drainage

- 74. Petitioner states that drainage on the Property will be managed by a street drainage system consisting of underground drain lines, drain manholes, and intake boxes. Runoff from the system will be discharged into the proposed golf course which will provide for detention to retain the majority of surface runoff. Excess water will be channeled to an open coral pit location on NASBP.
- 75. Petitioner proposes to improve the off-site drainage system by upgrading the drainage swale north of

Farrington Highway to prevent overtopping of Farrington Highway during a 100-year rainstorm.

Petit $\overline{\mathbf{I}}$ oner states it will be responsible for funding all required drainage improvements.

76. The Navy has expressed concern over the use of the coral pit which is located on Navy property makai of Kapolei Village, for drainage purposes. The Navy is specifically concerned that the coral pit may not be adequate to accommodate large storm flows and that Petitioner's proposed drainage system may increase the amount of flooding that may occur on Navy property.

Solid Waste Disposal

77. Currently, solid waste for the region is disposed of at the Palailai and Waianae Landfills. Both of these landfill sites are expected to close in mid-1988 and are not expected to provide refuse disposal services for the proposed Kapolei Village. However, a new landfill site is currently under construction at Waimanalo Gulch and is expected to open as the other two landfill sites close. Additionally, a Garbage-to-Energy H-POWER facility, located in the James Campbell Industrial Park is projected to become operational in Schools

78. The following elementary schools are within the vicinity of the project area: Barbers Point, Makakilo,

Maukalani, and Ewa Beach. In addition, Ilima Intermediate School, and Campbell High School also serve the project and surrounding area.

Petitioner proposes to provide school sites to accommodate additional school facilities.

Police and Fire Protection

- 79. The Honolulu Police Department's Pearl City substation is expected to be the primary source of service to the project. The adequacy of police protection in the future is dependent upon the rate of development in Ewa and the availability of funding for sufficient personnel, equipment and communications.
- 80. Fire protection for Kapolei Village is considered adequate. Primary fire protection for the project will come from the Makakilo Fire Station. Additionally, the Barbers Point Naval Air Station fire company is available to assist the Honolulu Fire Department under a mutual aid agreement. New facilities are currently planned for the Ewa district.
- 81. Electrical power for the project site and vicinity is provided by the Hawaiian Electric Company (HECO). Overhead lines (46 KV) lie within the 100-foot right-of-way south of the project site paralleling the NASBP boundary. Other 46 KV overhead lines run along NASBP Access Road and Farrington Highway.

ECONOMIC/SOCIAL IMPACTS

Impacts on Employment (Direct or Indirect)

- 82. The City and County of Honolulu projects the Ewa area's population will increase from approximately 36,000 in 1980 to 83,000 by the year 2005. Petitioner predicts that a maximum 5,000 units for Kapolei Village will produce a maximum increase in population of 15,000 to 16,500 persons.
- 83. Kapolei Village will provide approximately 640 local employment opportunities for proposed commercial sites. Additional jobs will be available in staffing schools and recreational facilities.
- 84. Development of Kapolei Village will directly benefit the economy in construction/retail and real estate opportunities. The project will create a broader tax base thereby increasing the revenues that are necessary to provide the public facilities that will benefit the community and the State as a whole.

CONFORMANCE TO URBAN DISTRICT STANDARD

- 85. The Property meets the standards applicable in establishing boundaries of the Urban District set forth in Section 15-15-18 of the Commission's Rules in that:
- 1. the uses proposed by Petitioner are "city-like" in character;
- the Property is in close proximity to existing and planned centers of trade and employment;

- 3. basic services such as sewers, transportation systems, water, sanitation, schools, parks and police and fire protection are, or will be, adequate to serve the Property;
- 4. the topography and drainage of the Property in its developed state will be satisfactory and reasonably free from the danger of foods, unstable soil conditions, and other adverse environmental effects;
- 5. the proposed development will provide open space amenities and will preserve and enhance scenic and natural amenities; and
- 6. the design and construction controls proposed by Petitioner are adequate to protect the public health, safety and welfare and the public's interest in the aesthetic quality of the landscape.
- 86. The proposed project is generally consistent with objectives and policies of the Hawaii State Plan, Chapter 226, HRS as follows:

Section 226-5 Objectives and Policies for Population Kapolei Village will contribute to the distribution of future growth expectations of the secondary urban center by providing a well managed community offering mixed housing types and community support facilities.

Section 226-6 Objectives and Policies for the Economy in General

Development of Kapolei Village will directly benefit the economy in construction, commercial/retail, and real estate

opportunities. The project will create a broader tax base thereby increasing the revenues that are necessary to provide the public facilities that will benefit the community and the State as a whole.

Section 226-19 Objectives and Policies for Socio-Cultural Advancement ~ Housing

The proposed project's housing units are designed to accommodate families with incomes starting from the very low income level. In addition, Kapolei. Village will offer a mix of housing types including gap-group, assisted, elderly and market housing to accommodate the needs of a large portion of the housing market.

RULING ON PROPOSED FINDINGS OF FACT

Any of the proposed findings of fact submitted by the Petitioner or the other parties not already ruled upon by the Commission by adoption herein, or rejected by clearly contrary findings of fact herein, are hereby denied and rejected.

CUNCLUSIONS OF LAW

Pursuant to Chapter 205 of the Hawaii Revised Statutes, as amended, and the Hawaii Land Use Commission Rules, the Commission finds upon a preponderance of evidence that the reclassification of the Property consisting of approximately 830 acres situate at Honouliuli, District of Ewa, Island of Dahu, State of Hawaii, Tax Map Key 9-1-16:23 and portion of Tax Map Key 9-1-16:25, from the Agricultural District to the Urban

District for a residential community, for the primary purpose of providing affordable housing, subject to the conditions in the order, is reasonable, nenviolative of Section 205-2, and 206-16, Hawaii Revised Statutes, and is consistent with the Hawaii State Plan as set forth in Chapter 226, Hawaii Revised Statutes, as amended, and the Hawaii Land Use Commission Rules.

ORDER

IT IS HEREBY ORDERED that the Property, consisting of approximately 830 acres, being the subject of Docket Number A88-622 by the Housing Finance and Development Corporation, State of Hawaii, situate at Honouliuli, Ewa, Oahu, City and County of Honolulu, State of Hawaii, identified as Oahu Tax Map Key Number: 9-1-16: parcer 23 and portion of parcel 25, and approximately identified on Exhibit A attached hereto and incorporated by reference herein, for reclassification from the Agricultural District to the Urban District, shall be and hereby is approved subject to the following conditions:

- 1. The Property shall be developed for the purpose of providing affordable housing in accordance with the requirements of Chapter 201E of the Hawaii Revised Statutes, as amended.
- 2. Petitioner shall provide affordable housing opportunities by offering for sale or rent, on a preferential basis sixty percent (60%) of the residential units to residents of the State of Hawaii of low, low-moderate, and moderate income.

- 3. Petitioner shall coordinate, with the Honolulu Board of Water Supply, Department of Land and Natural Resources, the Ewa Water Development Corporation, adjoining land owners and developers, and/or other Federal, State, or County agencies, measures designed to obtain the required water for the project. In the event that water is not available due to insufficient supply, Petitioner shall fund on an equitable basis, necessary water source, storage, transmission facilities, and filtration system development.
- 4. Fetitioner shall provide drainage improvements for the subject project and shall coordinate off-site improvements with the Estate of James Campbell, the Barbers Point Naval Air Station, adjoining land owners and developers, and/or other Federal, State, or County agencies.
- 5. Petitioner snall provide professional archaeological monitoring of the project site during all grading, digging, or other earthworking phases of project development in accordance with the Department of Land and Natural Resources requirements. Should any archaeological resources such as artifacts, shell, bone, or charcoal deposits, human burial, rock or coral alignments, pavings, or walls be encountered during the project's development, Petitioner shall immediately stop work and contact the State Historic Preservation Office.

- 6. Petitioner shall participate in the funding and construction of transportation improvements as represented by the Fetitioner. In the event that other transportation improvements resulting from project development are identified by the State Department of Transportation, Petitioner shall fund on an equitable basis and coordinate with all adjoining land owners and developers, and/or other Federal, State, or County agencies said improvements on a schedule accepted and approved by the State Department of Transportation.
- 7. Petitioner shall appoint a transportation manager whose function is the formation, use, and continuation of alternative transportation opportunities that would maximize the use of existing and proposed transportation systems.
- 8. A forty (40) foot setback shall be established along the existing railroad right-of-way in a manner compatible with County Ordinance No. 84-94.
- 9. Petitioner shall inform all prospective occupants of a) possible odor, noise, and dust pollution resulting from the adjacent Barbers Point Access Road, Farrington Highway, and surrounding agricultural operations, and b) the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, which limits the circumstances under which pre-existing farming activities may be deemed a nuisance.
- 10. Should Ewa area sugarcane cultivation lands (dependent on access routes provided by the Waimanalo Sugar

Cane Haul Road) continue production after currently existing land leases terminate, Petitioner shall provide, as necessary, alternate sugarcane haul road(s) to maintain the uninterrupted agricultural operation of said sugarcane production areas.

- occupant of residential property of possible noise impact from Barbers Point Naval Air Station and Honolulu International Airport or other sources and will provide covenants in the deed to such occupants which will release and discharge the State of Hawaii, the City and County of Honolulu and the United States Government or any subdivision thereof from all liability, and provide that such occupants will not file suit against the State of Hawaii and the City and County of Honolulu and the United States Government or any subdivision thereof on account of, or resulting from, any inconvenience, disturbance and/or injury due to noise under 65 Ldn in the area affecting such occupants or their property. Such covenants shall run with the land.
- 12. The acquisition of the Property by or through the Housing Finance and Development Corporation from the Estate of James Campbell, whether by purchase, condemnation or otherwise, shall be subject to the covenants, rights and obligations stated in Chevron's Easement ("Easement No. 192" as identified on Maps 36 and 45 of Land Court Application 1069, recorded in the Office of the Assistant Registrar of the Land

Court of the State of Hawaii as Land Court Document Nos. 213791 and 213792, noted on Certificate of Title Numbers 15790 and 48377 in Book Numbers 158 and 484, respectively, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 3404, Page 113).

38.20

- 13. Petitioner shall develop the Property in substantial compliance with representations made to the Land Use Commission in obtaining the reclassification of the Property.
- 14. Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarity alter the ownership interest in the Property covered by the approved Petition, prior to development of the Property.
- 15. Petitioner shall provide annual reports to the Land Use Cummission, the Office of State Pianning and the City and County of Honolulu Department of General Planning in connection with the status of the project and Petitioner's progress in complying with the conditions imposed.
- 16. The Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion, and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner.

DOCKET NO. A88-622 - HOUSING FINANCE AND DEVELOPMENT CORPORATION

Done at Honolulu, Hawaii, this 23rd day of August 1988, per motions on June 29, 1988 and August 16, 1988.

LAND USE COMMISSION STATE OF HAWAII

RENYON L. K. NIP
Chairman and Commissioner

By LAWRENCE F. CHUN
Vice Chairman and Commissioner

By TEOFILD PHIL TACBIAN
Commissioner

By ROBERT'S. TAMAYE
Commissioner

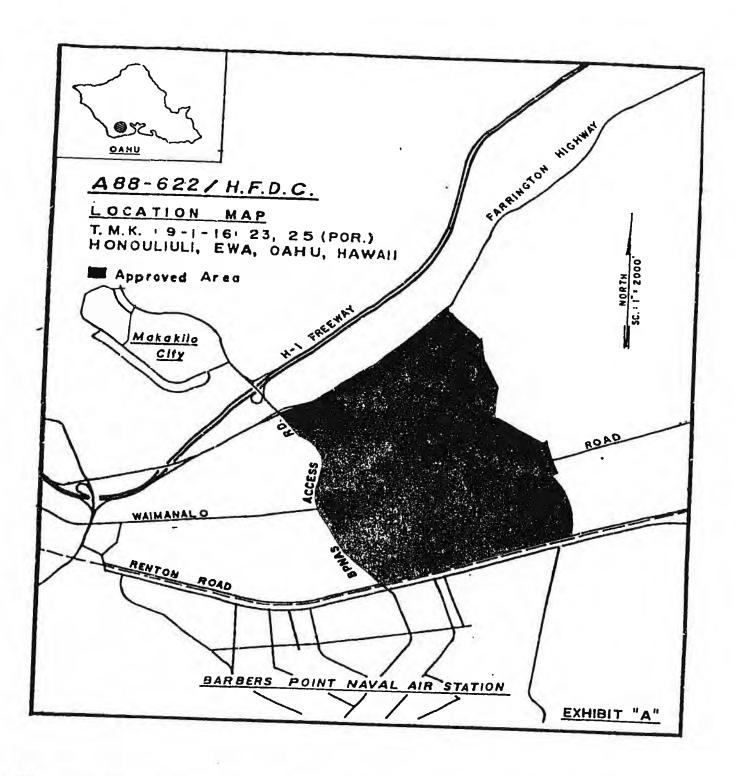
By FREDERICK P. WHITTEMORE
Commissioner

By HARD B. P. CHOY
Commissioner

By SHARON R. HIMENO
Commissioner

By JORU SOZUKI
Commissioner

By JORU SOZUKI
Commissioner



BEFORE THE LAND USE COMMISSION OF THE STATE OF HAWAII

In the Matter of the Petition of

HOUSING FINANCE AND DEVELOPMENT
CORPORATION, STATE OF HAWAII

To Amend the Agricultural Land Use
District Boundary into the Urban
Land Use District for Approximately)
830 Acres of Land at Honouliul1,
Ewa, Oahu, State of Hawaii, Tax
Map Key Numbers: 9-1-16: 23 and
Portion of 25

DOCKET NO. A88-622

HOUSING FINANCE AND DEVELOPMENT CORPORATION, STATE OF HAWAII

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Findings of Fact, Conclusions of Law, and Decision and Order was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:

ROGER A. ULVELING, Director Department of Business and Economic Development 250 South King Street Honolulu, Hawaii 96813

HAROLD S. MASUMOTO, Director Office of State Planning State Capitol, Room 410 Honolulu, Hawaii 96813

DONALD A. CLEGG, Chief Planning Officer Department of General Planning City and County of Honolulu 650 South King Street Honolulu, Hawaii 96813

RODNEY Y. SAIO, ESQ., Attorney for Petitioner General Counsel Housing Finance and Development Corporation 1002 North School Street Honolulu, Hawaii 96817

THE ESTATE OF JAMES CAMBPELL Attn: Oswald Stender 828 Fort Street Mall, Suite 500 Honolulu, Hawaii 96813

REBECCA M.K. GREENWAY, ESQ., Attorney for Intervenor Assistant Counsel, Pacific Division Naval Facilities Engineering Command Pearl Harbor, Hawaii 96860

J. GREGORY TURNBULL, ESQ., Attorney for Intervenor Chevron Corporation c/o Case & Lynch Suites 2400, 2500 & 2600 Grosvenor Center, Mauka Tower 737 Bishop Street Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, this 23rd day of August 1988.

ESTHER UEDA Executive Officer

PORTION OF KAPOLEI VILLAGE COVERED BY DECLARATION OF CONDITIONS IMPOSED BY THE LAND USE COMMISSION STATE OF HAWAII DATED AUGUST 23, 1988

Honouliuli, Ewa, Oahu, Hawaii

Comprising the following:-

- A. All of Lot 84-E as shown on Map 118, Lot 221 as shown on Map 36, Lots 299, 300 and 301 as shown on Map 45, Lots 5349 to 5356, inclusive, as shown on Map 505 and Lots 5357 to 5542, inclusive, as shown on Map 507 of Land Court Application 1069, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and covered by Transfer Certificate of Title 341,501 issued to Housing Finance and Development Corporation.
- B. Portion of Lot 298-B as shown on Map 518 of Land Court Application 1069, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and covered by Transfer Certificate of Title 349,311 issued to the State of Hawaii.
- C. All of Lot 2 as shown on Map 1 of Land Court Application 1828 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and covered by Transfer Certificate of Title 341,501 issued to Housing Finance and Development Corporation.

Beginning at the southwest corner of this parcel of land and at the southeast corner of Barbers Point Naval Air Station Access Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAPUAI NEW" being 18,623.87 feet South and 1502.92 feet East, thence running by azimuths measured clockwise from True South:-

- 1. 139° 30' 38.47 feet along the easterly side of Barbers Point NAS Access Road;
- 2. 138° 30' 1214.00 feet along the easterly side of Barbers Point NAS Access Road;
- 3. Thence along the easterly side of Barbers Point NAS Access Road on a curve to the right with a radius of 1957.19 feet, the chord azimuth and distance being:

 145° 30° 477.04 feet;

- 4. 152° 30' 1006.27 feet along the easterly side of Barbers Point NAS Access Road;
- 5. Thence along the easterly side of Barbers Point NAS Access Road on a curve to the right with a radius of 1190.00 feet, the chord azimuth and distance being:

 156° 21° 30° 160.15 feet;
- 6. Thence along the easterly side of Barbers Point NAS Access Road on a curve to the right with a radius of 1190.00 feet, the chord azimuth and distance being:

 161° 25° 15° 50.02 feet;
- 7. Thence along the easterly side of Barbers Point NAS Access Road on a curve to the right with a radius of 1190.00 feet, the chord azimuth and distance being:

 179° 04' 45° 674.13 feet;
- 8. 195° 32' 454.02 feet along the easterly side of Barbers Point NAS Access Road;
- 9. Thence along the easterly side of Barbers Point NAS Access Road on a curve to the left with a radius of 960.00 feet, the chord aziauth and distance being:

 163° 06' 30" 1029.49 feet;
- 10. 130° 41' 359.56 feet along the easterly side of Barbers Point NAS Access Road;
- 11. Thence along the easterly side of Barbers Point NAS Access Road on a curve to the right with a radius of 1190.00 feet, the chord azimuth and distance being:
 136° 48' 30° 253.94 feet;
- 12. 142° 56' 504.95 feet along the easterly side of Barbers Point NAS Access Road;
- 13. Thence along the southeast corner of the intersection of Barbers
 Point NAS Access Road and
 Parrington Highway on a curve to
 the right with a radius of 80.60
 feet, the chord azimuth and
 distance being:
 187° 56' 113.14 feet;
- 14. 232° 56' 203.55 feet along the southerly side of Farrington Highway;
- 15. Thence along the southerly side of Parrington Highway on a curve to the right with a radius of 988.00 feet, the chord azimuth and distance being:

 233° 49' 22° 30.67 feet;

	_					·
						f Farrington Highway on a curve to the right with a radius of 988.00 feet, the chord azimuth and distance being: 236° 09' 44° 50.00 feet;
			the	southerly sta	e of	Parrington Highway on a curve to the right with a radius of 988.00 feet, the chord azimuth and distance being: 240° 58' 07" 115.69 feet;
	244*		30 "	120.36		et along the southerly side of Parrington Highway.
19.			the	southerly side	of	Farrington Highway on a curve to the left with a radius of 1340.00 feet, the chord azimuth and distance being: 237° 59' 45° 295.44 feet;
20.	231•	401				et along the southerly side of Parrington Highway.
21.	Thence	along	the i	southerly side	of i	Farrington Highway on a curve to the left with a radius of 1665.00 feet, the chord azimuth and distance being:
22.	227•	54'		1095.00	feet	t along the southerly side of
23.	Thence	along t	the s	southerly side	of P	Farrington Highway; Farrington Highway on a curve to the left with a radius of 2085.00 feet, the chord azimuth and distance being:
24.	223•	30 '		590.36	feet	225 42' 160.08 feet; along the southerly side of Parrington Highway;
25. 2	221•	50'		1076.43	feet	t along the southerly side of Parrington Highway;
26. 3	311•	50'		5.00	feet	along a jog on the southerly side of Parrington Highway,
27. 2		50 '			feet	along the southerly side of
28. т	hence a	along th	he so	Putherly side (of Fa	arrington Highway on a curve to the left with a radius of 2854.79 Feet, the chord azimuth and distance being: 220° 40' 117.88 feet;

		····· 25, 199
3150	00.	
	00	1430.00 feet along the remainder of Lot 298-B as shown on Map 518 of Land Court Application 1069;
3510	30.1	2003,
		700.00 feet along the remainder of Lot 298-B as shown on Map 518 of Land Court Application 1069;
3340	30 *	20037
		800.00 feet along the remainder of Lot 298-B as shown on Map 518 of Land Court Application 1069;
3•	35 *	
		900.00 feet along the remainder of Lot 298-B as shown on Map 518 of Land Court Application 1069;
301°	3O •	1500.00 feet 2722
		1500.00 feet along the remainder of Lot 298-B as shown on Map 518 of Land Court Application 1069;
252°	45 '	
		150.50 feet along the remainder of Lot 298-B as shown on Map 518 of Land Court Application 1069;
342°	45 '	
		1071.27 feet along Lot 298-A as shown on Map 516 of Land Court Application 1069;
49°	30 •	125 OF C
		126.05 feet along Lot 298-A as shown on Map 518 of Land Court Application 1069;
thence	along to	ot 298-A as shown on Map 518 of Land Court Application
		238-A as shown on Map 518 of Land Court Application
		1069 on a curve to the right with
		chord azimuth and distance being: 338° 21' 44.5" 1939.78 feet;
70°	00 *	1939.78 feet,
		5177.47 feet along a portion of R.P. 6971, L.C.Aw. 11216, Ap. 8 to
		M. Rekauonohi to the point of beginning and containing an AREA OF 830 ACRES.
	351° 334° 3° 301° 252° 342°	Thence along Lo

The above-described Portion of Kapolei Village covered by Declaration of Conditions Imposed by the Land Use Commission, State of Hawaii, dated August 23, 1988 is subject to encumbrances noted in Transfer Certificate of Titles 349,311 issued to the State of Hawaii and 341,501 issued to Housing Pinance and Development Corporation.